Weekend FT
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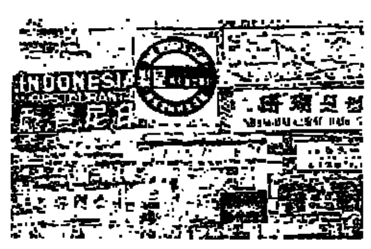
22 pages

The relegation game
Some of the most famous old public schools have been dropped by their peers from the league of the academic elite. **Norma Cohen** reports. *Page I*



Hong Kong
A three page colour report on the city's temptations and pleasures *Pages XVII-XX*

Privatisation profits
Sell or hold? **Philip Coggan** explains the track record *Page III*

Charitable set
John Barrett on the tennis superstars who are putting some of their money to good works *Page XXII*

Computers for all
A new series starts at the very beginning *Page VII*

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,306

Weekend November 17/November 18 1990

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WORLD NEWS

Yeltsin calls for Soviet crisis council

Russian President Boris Yeltsin and leaders of other Soviet republics called for creation of an all-union anti-crisis committee to tackle the country's growing chaos.

The demand followed a proposal by Soviet President Mikhail Gorbachev to overhaul but not replace his administration, headed by Prime Minister Nikolai Ryzhkov, and to shake up the leadership of the conservative Soviet military establishment. Page 24

Marconi trial ends
All charges against defence contractor Marconi, three former senior executives and one current employee were dropped by the prosecution at Winchester Crown Court after a six-week trial. The company, two subsidiaries and the employees faced 12 charges of cheating the Ministry of Defence over large contracts. All were cleared on seven other counts five days ago.

Indian PM wins vote
New Indian Prime Minister Chandra Shekhar won a parliamentary vote of confidence with the help of Rajiv Gandhi's Congress Party. Page 3

Israeli immigration
Israel's immigration minister Yitzhak Peretz called for curbs on Soviet immigration, saying that four out of 10 newcomers were not Jewish. Religious party joins coalition, Page 2

Typhoon toll
Another tropical storm threatened the Philippines as the death toll from Tuesday's Typhoon Mike rose to at least 270, with more than 1m people reported homeless.

Hungary scraps missiles
Hungary is to scrap unilaterally its Soviet-made ground-to-ground missiles, all capable of carrying nuclear warheads, by next spring.

Teacher stress
Rowdy pupils, aggressive parents and classroom stress are leaving serious mental and physical scars on teachers, the Health and Safety Executive warned. Page 6

Homes compensation
Home owners whose property is compulsorily bought for development schemes will receive the market value of their property plus a payment of up to £15,000 – 10 times higher than before. Page 4

Gladio dissolved
Germany is to disband its branch of the Gladio anti-communist network, set up among Nato countries to mount covert anti-communist actions in case of war.

Bulgarians march
Thousands of Bulgarians marched through Sofia demanding the resignation of the socialist government and relief from food shortages.

US Antarctic mining ban
President George Bush initialled a law indefinitely banning mining in the Antarctic. Thirty-eight Antarctic Treaty nations are due to meet in Chile on Monday to decide whether to turn the continent into an international park.

Indonesian earthquake
Hundreds of Indonesians were injured by an earthquake measuring 6.2 on the Richter scale.

French student sit-in
Dozens of rioters threw rocks and fired slingshots at police in Paris after a peaceful sit-in by about 3,000 high school students near the Eiffel Tower.

BUSINESS SUMMARY

Merged satellite TV group warned

British Sky Broadcasting, the merged satellite television venture, was warned that it may not get permission to run its new service from the UK.

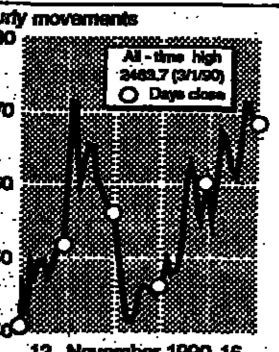
The venture formed from the merger of BSB and Sky Television, plans eventually to broadcast the service on the Luxembourg-based satellite, Astra.

The IBA cautioned that a "non-domestic service" on a satellite such as Astra would require a licence from the new Independent Television Commission. Page 24

VSEL, UK submarine yard, plans to cut its workforce by 1,500 more than announced earlier this year. Page 6

LONDON STOCK EXCHANGE: Unsettled trading was hampered by a breakdown of the market's electronic dealing system. After some initial uncertainty, the FT-SE Index climbed 12.7 by midsession but closed up 8 points at 2,068.0 after normal trading was resumed. London markets, Page 15

FT-SE 100 Index
Hourly movements



VOLKSWAGEN, German carmaker, reported a 23 per cent fall in pre-tax profits to DM1.7bn (£587m) in the first nine months of the year. Page 12

ELECTROLUX, world's leading white goods manufacturer, said it made no profits for the third quarter of the year compared with SKr668m (£61.4m) for the same period of 1989. Page 12

FUJI HEAVY INDUSTRIES, Japanese carmaker, posted an interim pre-tax loss of Y49.8bn (£197m), passed its dividend, and unveiled a restructuring plan. Page 12

THE INDEPENDENT, UK national daily newspaper, is bringing in two new international shareholders, La Repubblica of Italy and El País of Spain. Page 4

UPI: employees at the ailing US news agency have agreed to take a 35 per cent pay cut for 90 days to save the company from liquidation.

TAIWAN's economy is expected to grow by just 5.2 per cent this year, down from last year's 7.33 per cent. The government's target had been 7 per cent. Page 3

CHINA will from today devalue its currency by 9.57 per cent against the US dollar. Page 3

MILAN: A strike by bourse traders shut down the market for the second time in a month in a rebellion against the government's plan for Italy's first capital gains tax.

Former Nigerian oil minister Tam David-West was jailed for 10 years by a military tribunal for writing off a debt of $57m (£29m) owed by German oil company Stinnes Interoil after a contract in 1984.

Signal to prime minister that victory must lead to united stance on Europe

Hurd indicates he may enter race if Thatcher forced out

By Alison Smith

MR DOUGLAS HURD, the foreign secretary, yesterday indicated that he might stand for the leadership of the Tory party if Mr Michael Heseltine succeeded in forcing Mrs Thatcher out of the contest.

Mr Hurd also signalled to the prime minster that her victory must be followed by consultation with senior ministers to ensure that the government had a clearly united stance on Europe.

His message that Mrs Thatcher would have to pay close attention to cabinet colleagues was reinforced by Mr John Major, the chancellor. He said she might be wrong in her belief that there would be little demand for the "hard ecu", the UK government's alternative to the Delors plan for economic and monetary union.

Mrs Thatcher, on a long-standing engagement in Northern Ireland, continued to be in a determined mood. "I believe we shall win and I hope we shall win well," she said.

Once again, a clutch of cabinet ministers spoke in her support and said the party should close ranks behind the leader after the contest.

Challenge to Thatcher .Page 4
The spell is broken ......Page 8
Editorial comment ....Page 8
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Mr Heseltine, campaigning for the Paisley by-elections in Scotland, vigorously rejected the suggestion that his plans to reduce the poll tax by transferring education expenditure to central government would lead to increases in income tax. He held out the prospect of lower income tax and increased public spending, on the basis of the government's own estimates of economic growth.

Mr Hurd, who proposed the prime minister's nomination last week, ruled out the idea that he might challenge her and said he believed she would win on the first ballot. But asked whether there were no circumstances in which he would stand, he replied: "Against her."

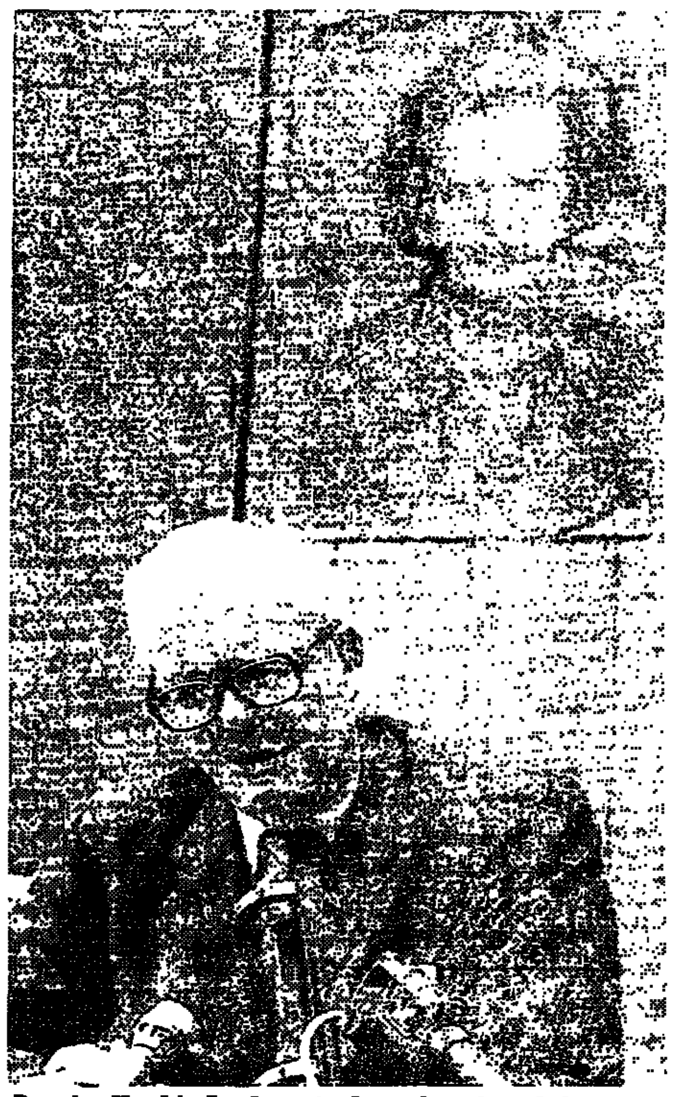
The prime minister's side fear that in spite of Mr Hurd's expressed support for her, the prospect that he might stand could encourage some MPs to abstain rather than vote for her in the first ballot.

The supporters of Mr Heseltine, however, pointed out that MPs who wished to see Mr Hurd as a candidate should vote for Mr Heseltine in the first ballot, to force a second round of voting.

In a speech in Yorkshire, Mr Hurd said that the first task after the contest would be for the prime minister and the cabinet "to consider how to draw the threads of our policy on Europe together unmistakably and rally the party and the country behind us."

He repeated that he agreed with much of Sir Geoffrey Howe's analysis about Britain in the community but disagreed with his conclusion that the policy could not be effectively carried through by Mrs Thatcher.

Mr Major, who seconded the prime minister, also refused to rule himself out of a later stage of the contest if Mrs Thatcher were no longer a candidate. However in an interview on Channel 4 news, he said she might well be wrong in her view that the "hard ecu" would hardly ever be used.



Douglas Hurd in Leeds yesterday, where he ruled out the idea of standing against the prime minister

Inflation may have peaked at 10.9%

By Edward Balls and Michael Smith

UK RETAIL PRICE inflation appears to have peaked at 10.9 per cent in October and should now be on a downward path in spite of a rise in the underlying rate.

The retail prices index rose by 0.8 per cent in October, leaving the annual inflation rate unchanged from September. Excluding mortgage interest payments and the community charge, however, the underlying rate rose to an annual 8.3 per cent from 8.2 per cent the previous month.

Yesterday's figures mean that more than 35,000 UK employees of Ford in the UK will receive a pay rise of 13.4 per cent, by far the biggest increase won this year by any large group of workers. The rise results from a two-year pay deal agreed last year and could set a target for other pay settlements.

Mr John Major, the chancellor, reacted by warning employers not to negotiate pay settlements "around" the rate of inflation.

Speaking on BBC Radio 4's The World At One programme, he said: "They should negotiate on productivity, on what the firm can afford and on future job security. If they enter into wage settlements they cannot afford, people will lose their jobs."

Mr Major said he was "confident" that the headline rate at 10.9 per cent had peaked and would begin to fall. However, a Treasury spokesman said "it may be a few months before underlying inflation is seen to be firmly on a downward trend".

Mortgage interest rate cuts and lower petrol prices should reduce inflation in November. This month's 0.9 percentage point fall in mortgage interest Continued on Page 24

Ford pay 13.4% rise, Page 6
£2bn debt repayment, Page 6
Editorial comment, Page 8
Currencies, Page 13
US economy, Page 24
Lex, Page 24

US seeks vote this month on use of force in Gulf

By Lionel Barber in Washington and **Victor Mallet** in London

THE US is ready to seek a UN resolution this month authorising military action against Iraq.

A final decision, however, will rest on soundings with other security council members, said senior US officials.

Mr James Baker, US secretary of state, began intensive talks in Brussels yesterday to gauge whether the security council would endorse the use of force if economic sanctions failed to persuade Iraq to withdraw from Kuwait.

Mr Baker's talks coincide with a visit to Europe and the Middle East by President George Bush and with a six-day US-Saudi Arabian military exercise in the Gulf, code-named Imminent Thunder. Iraq has called the exercise an "act of provocation".

In London, Mr Archie Hamilton, armed forces minister, said Britain was putting further army units and two mine counter-measure vessels on standby.

Mr Baker would like to see a resolution submitted to the UN before November 30, when the US yields the chairmanship of the security council to Yemen, which Washington does not consider to be an ally in the Gulf crisis. US officials at the UN in New York, however, have cautioned that a resolution cannot be forced through without risking a backlash from other council members.

The UN resolution is increasingly seen as a vital element in persuading the Democratic majority in congress to commit itself more wholeheartedly to Mr Bush's Gulf policy.

The Soviet Union and China have signalled they are unlikely to block such a resolution, according to US officials. But Mr Yevgeny Primakov, President Gorbachev's chief Middle East envoy, called this week for a delay to give time for negotiations with Iraq.

Mr Baker said: "I am told that during the course of making those statements he pointed out that he was speaking for himself."

President Hosni Mubarak of Egypt, an important figure in the multinational alliance against Iraq, has urged the US to delay military and allow "two or three months to try and achieve peace".

Jimmy Burns adds: Employees of British companies who have been helping build an administrative palace for President Saddam are likely to be held against their will once their contracts have expired.

Bush media blitz, Page 2

Day to take over at PowerGen after resignation of Malpas

By David Thomas, Resources Editor

SIR Graham Day became chairman of PowerGen yesterday after the sudden resignation of Mr Robert Malpas, whose departure was seen as a further blow to the accident-prone programme to privatise the electricity industry.

Sir Graham was a PowerGen non-executive director and is chairman of Cadbury-Schweppes and of Rover, British Aerospace's car subsidiary.

PowerGen is due to be privatised in February and the government and the company refused to discuss Mr Malpas's departure other than to say that it followed "a review of the role of the chairman in the company's affairs".

However, it is understood that PowerGen's board had felt a growing lack of confidence in Mr Malpas, who joined the company from British Petroleum, where he had been a group managing director.

Mr John Wilson, electricity analyst at UBS Phillips & Drew, described the timing as unusual and said: "It won't help the privatisation of PowerGen at all."

Sir Graham's role ......Page 4
Share price forecast ..Page 24
Lex ....Page 24

Sir Graham is likely to reduce his commitment to British Aerospace, but not his role at Rover. He is expected to spend one or two days a week with PowerGen, compared with the three or four days which Mr Malpas gave to the company. It is thought that Sir Graham will give less time than Mr Malpas to the company's day-to-day affairs.

This could increase the power of Mr Ed Wallis, the 51-year old chief executive, who spent all his previous career with the Central Electricity Generating Board, PowerGen's predecessor. Mr Wallis is increasingly well-regarded in the City, although some doubts are still held about his lack of broad commercial experience.

It is understood that Mr Malpas, 63, who was paid about £150,000 a year, will be compensated. Neither the Energy Department, which owns PowerGen, nor the company would say by how much.

In the summer, Mr Malpas's reaction to interest in buying PowerGen shown by Hanson, the UK industrial conglomerate, brought his differences with the board to a head. Some insiders felt Mr Malpas did not express the company's opposition strongly enough or give sufficient support to the alternative proposal for a management buy-out.

Some people believe that Mr Malpas also clashed with Mr Wallis, although others say the two very different men worked well together.

Mr Frank Dobson, Labour's energy spokesman, said he would call for a full explanation from Mr John Wakeham, energy secretary, in the Commons on Monday. "He must have had to agree to the new appointment," Mr Dobson said.

Neither Mr Malpas nor Sir Graham was available for comment yesterday.

MARKETS

STERLING
New York lunchtime:
$1.9665
London:
$1.966 (1.98)
DM2.89 (2.895)
FFr9.765 (9.77)
SFr2.4475 (2.4525)
Y254.50 (253.25)
£ index 93.8 (93.7)

GOLD
New York: Comex Dec
$379.8
London:
$376.5 (378.25)

N SEA OIL (Argus)
Brent Jan
$28.925 (30.95)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.4703
FFr4.966
SFr1.2442
Y129.55
London:
DM1.4705 (1.4765)
FFr4.9675 (4.985)
SFr1.2445 (1.2515)
Y129.40 (129.25)
$ index 60.0 (60.2)
Tokyo close: Y129.73

US LUNCHTIME RATES
Fed Funds $7\frac{3}{4}$%
3-mo Treasury Bills:
yield: 7.297%
Long Bond:
$103\frac{7}{32}$
yield: 8.445%

STOCK INDICES
FT-SE 100:
2,068.0 (+8.0)
FT Ordinary:
1,614.8 (+15.2)
FT-A All-Share:
996.49 (+0.4%)
New York lunchtime:
DJ Ind. Av.
2,537.62 (−7.43)
S&P Comp
315.92 (−1.10)
Tokyo: Nikkei
23,171.63 (−315.85)

LONDON MONEY
3-month interbank:
closing $13\frac{21}{32}$% ($13\frac{13}{16}$)
Liffe long gilt future:
$84\frac{5}{32}$ ($83\frac{13}{16}$)

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Bush launches media blitz in bid to sell Gulf policy

By Lionel Barber in Washington

PRESIDENT George Bush has launched an all-out public relations offensive aimed at selling his Gulf policy to the American public, the climax coming next week with his televised visit to US forces in Saudi Arabia.

The media blitz follows a slump in Mr Bush's approval rating and a belated recognition that the White House blundered by not winning over senior Democrats in Congress before deciding to double the number of troops in the Gulf.

Mr Bush gave a prime-time interview with Cable News Network on Thursday night; and on Monday, Newsweek magazine will publish a 1,000 word article (apparently penned by General Brent Scowcroft, his national security adviser) in which the president will set out why the US is confronting Iraq with the biggest and fastest overseas military deployment since the Second World War.

Mr Bush has been stung by criticism that he has failed to present his message clearly. This week, US newspapers listed excerpts from speeches by Mr Bush and Mr James Baker, US Secretary of State, in which they set out a multitude of reasons for the troop deployment and the possible use of force.

George Bush: stung by attacks in Congress and the media

Since the August 2 invasion of Kuwait, these have included "oil," "dealing with Hitler revisited," "protecting a New World Order," "fighting naked aggression," "preserving the American lifestyle" and, as Mr Baker put it this week, "jobs".

The administration hopes to cement public opinion by showcasing Mr Bush in the role he loves best: leader of the western alliance striding around the world stage alongside the likes of President Gorbachev, Chancellor Kohl and Mrs Margaret Thatcher.

Network television will cover Mr Bush's weekend stops in Czechoslovakia and Germany, stepping up their efforts during his visits to Paris for the Conference on Security and Co-operation in Europe and the Thanksgiving address to the troops in Saudi Arabia.

White House advance teams have spent hours working on the best available set for television, knowing that their efforts will be measured against the heights achieved by former President Ronald Reagan during his European tours.

However, all this will be to little avail unless Mr Bush succeeds in convincing Congress to swing its full support behind the Gulf policy and the possible use of force. So far, adverse commentary in the press, television and among politicians is that he has yet to persuade Americans of the need to suffer thousands of casualties in order to liberate Kuwait.

Gatt and Gulf overshadow celebratory European tour

Peter Riddell looks at transatlantic differences

PRESIDENT George Bush arrives here this morning at the start of a European visit intended to celebrate the end of the Cold War and the achievement of what he has called "a Europe whole and free." But the trip will be overshadowed by strains in transatlantic relations and by uncertainties about what the US's role in Europe should now be.

There will certainly be no shortage of celebrations – later today, when Mr Bush speaks in Wenceslas Square on the anniversary of the start of the Velvet Revolution in Czechoslovakia, when he briefly visits the now united Germany for the first time tomorrow, and for the following three days in Paris, when the far-reaching treaty to reduce conventional arms in Europe is signed and when the 34-nation Conference on Security and Co-operation in Europe (CSCE) is given more substance as a forum, particularly for the new democracies of eastern Europe.

Yet these successes have allowed differences to emerge. In particular, what is the US's role in Europe to be now that it is no longer the vital guarantor against the Soviet threat?

For 40 years Nato has been the main transatlantic link for the US. But for all the earlier talk about possible out-of-area roles, Nato's command structure has played only a peripheral part in the Gulf crisis, apart from guaranteeing Turkey. The EC has so far been very much a regional economic grouping, while CSCE has been too amorphous.

There is talk of broader security arrangements, especially with EC moves towards political union. But although the debate has started, few answers have been found, in part because of the distractions of the Gulf crisis.

US officials also view Europe as introspective, focusing on German unification, the changes in eastern Europe and the debate over the intensification of EC economic, monetary and political union.

There are two immediate areas of strain – the Uruguay Round trade talks and the Gulf crisis. The high-volume propaganda exchange of recent weeks has not only made a successful outcome to the talks much more difficult to achieve, but has also soured relations generally.

For instance, the original plan was that Mr Bush and Mr Giulio Andreotti, the Italian prime minister and current president of the EC council, would hold a ceremony in Washington last Tuesday to sign a "Transatlantic Declaration", underlining common values and formalising a more regular series of consultations. But this was put off because of disagreements over the reference to the trade talks. It is still hoped that the declaration will be issued in Paris, but there is little enthusiasm on either side.

While the US and European countries share the same objectives in the Gulf, there is criticism in Washington of the scale of the military and financial commitment so far made. Britain apart, no big country can be counted on as an unqualified backer of the US line.

If war does break out, many more voices in Washington will be heard complaining that American boys are dying for oil for Europe and Japan. That in turn will not help quick passage of any Uruguay Round trade deal if one is agreed.

Over the next few days, Mr Bush will in public naturally be emphasising the positive features of the transatlantic relationship – and the great successes now being achieved. But much of his time in private will be devoted to ensuring that the current divisions do not broaden – that the alliance against Iraq is taken forward and that trade disputes do not abort closer US/EC ties.

Mr Bush's instincts and preferences are internationalist and Atlanticist. But current events and doubts both in the US and Europe are undermining the fine sentiments.

In Brussels, from left: Mr MacSharry, Mr Yeutter, Mrs Hills, Mr Delors, Mr Baker, US EC ambassador Thomas Niles and EC foreign affairs commissioner Frans Andriessen

US and EC fail to resolve farm trade reform differences

By David Buchan and Tim Dickson in Brussels

THE US and the European Community yesterday agreed on the pressing need to resume multilateral talks on reforming agricultural trade and protection, but failed to narrow their deep differences on the issue.

At the end of high-level US-EC talks here, the two ministers most directly involved expressed doubt that the gap on farm support could be bridged.

Mr Clayton Yeutter, the US agriculture secretary, put the chances of a farm accord in the Gatt at "much less than 50-50," while Mr Ray MacSharry, the EC farm commissioner, said he could not be optimistic unless the US modified its expectation of getting far deeper cuts than the 30 per cent reduction offered by the EC.

The US is demanding a 75 per cent cut in internal farm support and a 90 per cent cut in export subsidies. It remains unconvinced that the EC proposal seriously tackles the export subsidy issue, or that it offers the prospect of greater access for the outside world to EC agricultural markets.

Both sides, however, sought yesterday to dispel recent fears that the US/EC impasse would precipitate a complete breakdown in the world trade talks, before next month's final Gatt summit in Brussels.

Mrs Carla Hills, the US trade representative, said the 90 minutes spent yesterday talking about agriculture had been useful for the two camps to explain their proposals. She is to stay in Brussels to discuss the range of Gatt issues dividing the US and EC with Mr Frans Andriessen, the EC external affairs commissioner, tomorrow.

Meanwhile, Mr James Baker, US secretary of state, and Mr Jacques Delors, the European Commission president, sought to prevent their newly-reinforced transatlantic relationship being bogged down in the farmyard.

Brussels warns agricultural equipment makers

MAKERS of agricultural machinery have received a stern warning from the European Commission about restrictive distribution agreements, used to segment EC markets, Lucy Kellaway writes from Brussels.

The commission has received many complaints about what seems to be a common abuse of EC law by makers of farm equipment. It believes most of the big companies are instructing their dealers to refuse to sell to non-authorised dealers from other member states.

Such an arrangement is illegal under EC law, although exceptions have been made – notably for the car industry, in which a closed shop of recognised dealers is tolerated. The commission has reminded the agricultural machinery makers that the special privilege does not extend to them, and intends to take firm action against the first proven case of abuse of the system.

The decision to act against a long-standing practice shows the seriousness with which the commission is trying to stamp out traditional arrangements between manufacturers and suppliers that hinder competition between member states.

The commission is concerned at the progressive reduction in competition in the European farm machinery industry, and so sees its action as necessary to ensure that customers in one country can buy their machines easily from anywhere in the Community.

Oil exports lift Canada trade surplus

By Bernard Simon in Toronto

A SURGE in the value of oil and natural gas exports to the US more than doubled Canada's trade surplus to C$1.48bn (£640m) in September, from C$679m in August.

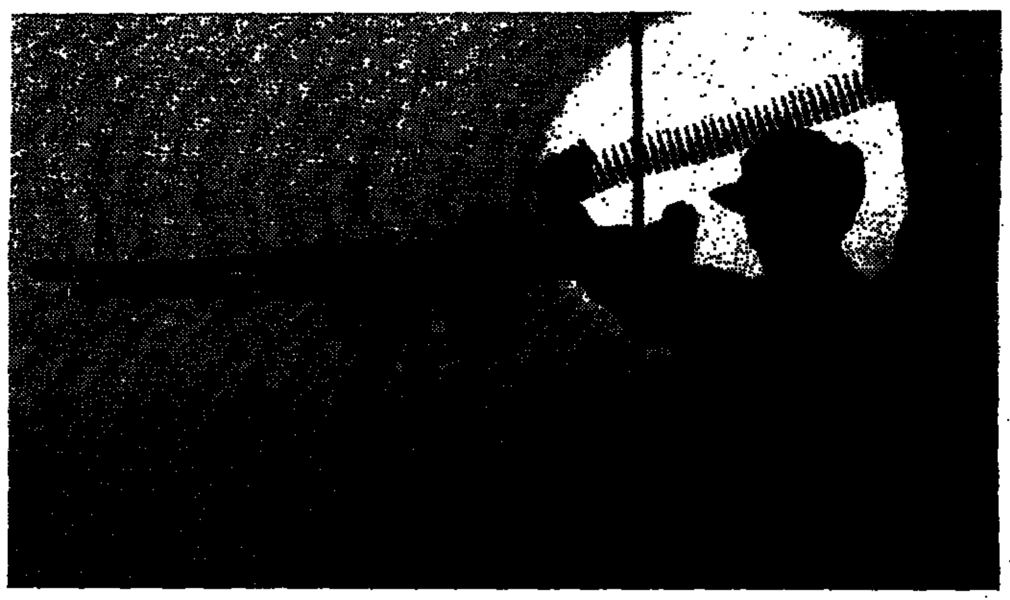
Statistics Canada said yesterday that energy exports jumped by 56 per cent in September to C$1.7bn, with crude oil shipments rising to C$679m from C$327m.

The agency attributed the entire increase in oil exports to higher international prices. Volumes were unchanged.

The trade picture was also helped by a sharp fall in imports to C$10.8bn from C$11.1bn, mainly because of a steep fall in motor vehicle and machinery shipments, reflecting the deepening domestic recession. Car imports in September were at their lowest level since July 1989.

Thanks to the higher level of oil shipments, Canada's trade surplus with the US grew to C$2.1bn in September from C$1.4bn in August.

It was also announced that higher fuel prices helped boost Canada's year-on-year inflation rate in October to 4.8 per cent, up from 4.2 per cent in each of the previous three months.



The sun sets behind an army guard loading an M-60 machine gun at a Saudi Arabian air base.

Shamir bolsters Israeli coalition

MR Yitzhak Shamir, the Israeli prime minister, yesterday consolidated his right-wing government's narrow hold on power by bringing an ultra-orthodox religious party into the coalition in return for pledges to curb abortion, the sale of pork, suggestive advertising and public transport on the Sabbath, writes Hugh Carnegy in Jerusalem.

The agreement with Agudat Israel, which has four members of parliament, gives the Likud-led coalition 64 votes in the 120-seat Knesset. It can usually also rely on support from two members of a small right-wing party.

The Likud had for months wooed Aguda's rabbis, who were angered by Mr Shamir's failure in the past to deliver on legislative promises and earlier in the year had backed an unsuccessful attempt by Labour to form a coalition.

The prime minister may yet face difficulties persuading members of his own mainly secular party and other coalition supporters to back the legislation he has promised Aguda.

Under the agreement, Aguda also wins three junior ministerial posts and the chairmanship of the Knesset finance committee, which has wide powers over economic legislation, including privatisation and the budget.

Mr Shamir now has all four religious parties within the coalition, as well as two extreme right-wing secular factions.

Corsica's web of power entangles Paris politicians

William Dawkins on the French government's latest attempts to tackle the rebel island's problems

IT IS so rare that anybody drives through the tiny hamlet of Guargualé, high in the mountains near the Corsican capital of Ajaccio, that the locals tend to park their cars just where where they stop – in the middle of the road.

Life there centres on the bar – a cellar dug into the rock, where you can buy ammunition and pastis. If you order two days in advance, you might even get a meal from the culinary genius married to Paul Sampieri, father of the patron.

With his leathery face and hard eyes, Mr Sampieri looks like an Italian gangster and he talks a bit like one too, in the vivid local argot. Yet he feels deeply French. "Yes, we are a people apart. But we are also part of France. That is our contradiction," he says.

His complex identity is typical of 85 per cent of the 250,000 people who live in France's poorest and most violent region. The remaining 15 per cent want devolution and some of them still blow up buildings to make their point. This, plus perennial feuding between the clans that still run Corsican politics, has rendered the island more or less ungovernable ever since it became French by accident, when the Genoese sold it to Louis XV 222 years ago.

Corsicans have for the past fortnight been mulling over an exasperated Paris government's latest attempt to tackle their problems, by offering the island more autonomy and giving it a more orderly public administration.

France's 21 mainland regions will be watching the outcome, to be debated in the national parliament next week, like hawks. Corsica is France's most radical – even if flawed – experiment in devolution. It was eight years ago in the nationwide decentralisation that the new assembly was created.

The current regional administration is tenuously controlled by a centre-right coalition of Gaullists and the UDF, which has a one-seat majority in the 61-seat assembly. The plan hopes to reduce this to 51 seats and allow the majority party an automatic six-seat bonus.

Corsican power is based on a web of local alliances, which begin in tiny villages like Guargualé, one of 200 out of the island's 360 communes that has less than 50 inhabitants. "In such a situation, locals will tend to vote for the mayor's party, irrespective of their own political feelings," explains Mr Paul Silvani, deputy director of the La Corse newspaper.

What worries some politicians is the fact that up to 60,000 Corsicans now living on the mainland could be disenfranchised when the new electoral lists are drawn up. About 40 per cent of absent Corsicans do come back regularly to vote, but cynical observers point out that several politicians, probably the older ones across party lines, would be out of a job come the next election.

"Nevertheless, we have a responsibility to give ourselves a responsible image," says Mr Rossi. Up in Guargualé, old Mr Sampieri spreads his gnarled hands and says nothing much will change.

NEWS IN BRIEF

Iran-Iraq prisoner exchanges to resume

Mr Ali Akbar Velayati, the Iranian foreign minister, said yesterday a prisoner swap between Iran and Iraq would resume next week after an abrupt suspension by Baghdad two months ago, AP reports from Nicosia.

Tehran radio said Mr Velayati made the announcement on his return home from a two-day visit to Iraq, the first by such a high-ranking Iranian official since 1979.

The International Committee of the Red Cross says the two countries are still holding some 25,000 prisoners, without providing a breakdown.

Nigerian minister found guilty

Professor Tam David-West, a former Nigerian minister of petroleum resources, has been found guilty of corruptly enriching an American subsidiary of Stinnes Interoil, a German-owned company, of $57m (£29m) during his tenure of office, William Keeling writes from Lagos.

A special military tribunal sentenced him to 10 years' imprisonment.

Italian prize for Gorbachev

President Mikhail Gorbachev will leave Italy tomorrow with a cheque for L500m (£229,880) after a lightning visit, during which he will sign a treaty of friendship and hold his second meeting with the Pope, John Wyles writes from Rome.

Shortly after his arrival, Mr Giulio Andreotti, the Italian prime minister, will present the Soviet leader with the Premio Fiuggi and its associated cheque for his services to peace.

Pact winding-up

The forthcoming Warsaw Pact summit will decide on a proposal to wind up the joint military organisation by the middle of next year, a high-ranking Hungarian official said yesterday, Nicholas Denton writes from Budapest.

Polish debt rises

Poland's foreign debt has grown 11 per cent to $45.2bn this year, partly because the government cannot afford to make interest payments, Reuter reports from Warsaw.

Strike arrests

Police in the Dominican Republic have arrested about 200 labour leaders in an apparent attempt to reduce the effect of a three-day national strike planned for next week, Canute James writes from Kingston, Jamaica.

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Consortium pulls plug on Hong Kong cable plan

By John Elliott in Hong Kong

HONG Kong's plans to have a cable television network operating by next year collapsed last night when a consortium of international companies including US West, one of the US Baby Bells, and Hong Kong's Wharf Holdings unilaterally terminated a 15-year franchise with the government.

No reasons were given by the consortium, which has been riven by boardroom splits and indecision since it won the franchise and pledged investment of HK$5.5bn (£360m) in July last year.

Consortium members blamed a new government policy on satellite broadcasting announced just over two weeks ago.

The consortium, already worried about new estimates of a seven-year pay-back period on investment, alleged this broke previous government pledges and gave unfair advantages to a satellite television company run by Hutchison Whampoa.

The group last night issued 150 dismissal notices to its staff.

Behind the collapse lies rivalry between Sir Yue Kong-Pao, whose family controls the Wharf group, and Mr Li Ka-shing who controls Hutchison. Mr Li had expected Hutchison would win the cable franchise until a few weeks before it was awarded, so yesterday's Wharf's withdrawal was a victory for him.

US West is believed to have lost interest, at least for the time being, because it has failed in the last few days to obtain government assurances about the possible opening up in 1995 of a telephone voice monopoly operated by Hongkong Telecommunications, part of Cable and Wireless.

US West's main interest in the cable project has been to use the network for a second telecommunications channel.

The consortium – called Hong Kong Cable Communications – took the basic decision to pull out on Thursday. This led to 24-hours of negotiations involving Sir David Wilson, the governor.

Apparently relieved that months of uncertainty and indecision were coming to an end, the government agreed not to take any retaliatory action against the consortium, which in turn agreed not to threaten action over the satellite policy.

The collapse of the franchise underlines the government's inability to develop and sustain a viable policy for telecommunications, cable television and satellites. Now it intends to spend some time reconsidering whether to have a separate cable system, which means that there could be a long delay unless companies in the industry rapidly offer a new alternative.

Last night the government issued a surprisingly docile statement which said that the consortium's withdrawal was a "commercial decision made by businessmen." It added: "We respect that decision and it is not our policy to interfere in such matters."

The statement dodged the issue that the government was directly involved with the franchise. Now the government will be criticised for failing to tie the consortium down with legal agreements and for failing to force the consortium to sign binding franchise licences.

The consortium includes Wharf with a 28 per cent stake, US West with 25 per cent, Sun Hung Kai Properties of Hong Kong with 27 per cent. Two 10 per cent stakes held by Belgium's Coditel cable TV company and Hong Kong's Shaw Brothers which has established TV interests.

India's new premier confirmed in office

By David Housego in New Delhi

MR Chandra Shekhar, India's new prime minister, yesterday won a vote of confidence for his week-old administration – though apart from Mr Devi Lal, the deputy prime minister, he has not named any cabinet members.

In a one day special session of parliament, Mr Chandra Shekhar secured 269 votes against 204 for his opponents. Of Mr Chandra's votes, only 64 came from his own faction of the Janata Dal party – the Janata Dal(S) – while the rest were contributed by Mr Rajiv Gandhi's Congress party and its allies.

Mr Chandra Shekhar came under strong attack from his opponents – the Janata Dal party of former prime minister V.P. Singh, the Marxist left, and the Hindu radical BJP – for forming a government from "defectors" and with the support of the Congress party against whom he had campaigned in last year's election.

Mr Madhu Dandavate, the former finance minister, accused the prime minister of attempting to buy support in the parliament. "Horse trading is taking place," he said. "Money power has an upper hand."

Mr Chandra Shekhar sought to focus attention on "the grave crisis" facing India and called for co-operation from all political parties. He warned Mr L.K. Advani, the leader of the BJP, that he was leading the country towards division and destruction. Mr Advani is launching a new campaign in support of the Hindu fundamentalists' goal of building a temple at Ayodhya on the site of an existing mosque.

Mr Chandra Shekhar only hinted at the policies he intends to pursue. But in line with his socialist past, the emphasis was on the need for sacrifices by the rich, and on a diminishing role for foreign investment and for consumer industries appealing to the middle class.

He said the economic situation was so bad that people would have to tighten their belts. "Austerity is a must," he said. But he declared: "The time has come when the rich have to be prepared to make sacrifices to help the poor live a meaningful and human life."

He said the country's resources would not be squandered on the production of luxury goods. While expressing support for liberalisation, he said that technology should be imported for only critical sectors and not to promote non-essential goods. Mr Chandra Shekhar has been a vehement critic of Pepsi-Cola's new joint venture in India.

Heavy security: Indian police on patrol past the Jama Masjid mosque, Delhi, yesterday in the wake of two days of Hindu-Moslem violence in the capital

Mexico's budget bid to halve inflation

By Richard Johns in Mexico City

THE Mexican government's ambitious 234,000bn pesos (£40.8bn) budget for 1991 aims to halve inflation next year to 14 per cent while achieving a growth rate of 2.5 to 3 per cent. It will cut state expenditure by 5 per cent in real terms.

The budget is based on a conservatively estimated average oil price of $17 a barrel (compared with $13 this year). Oil exports are expected to provide 27.7 per cent of revenue.

Mr Pedro Aspe, minister of finance, emphasised the fight against inflation. This reached an annual 28 per cent last month compared with the forecast in last year's budget of 15.3 per cent.

Growth this year is expected to be between 2.5 and 3 per cent, but will almost certainly be lower than the 2.9 per cent achieved last year.

Mr Aspe also aims to cut the budget deficit from 4.3 per cent to 1.9 per cent of gross domestic product. If achieved, this would be the lowest level for 19 years.

The primary budgetary surplus (before taking into account interest payments) is projected to be 6.9 per cent of GDP compared with 7.5 per cent in the 1990 estimates.

The government is planning a substantial increase in spending on social sectors to coincide with critical mid-term congressional elections next summer.

Presenting the expenditure programme, Mr Ernesto Zedillo Ponce de Leon, minister of budget and planning, said the outlay in real terms would rise by 15.7 per cent, with the allocation for the controversial national solidarity programme (Pronasol) rising by than 41.2 per cent to 5,117bn pesos.

The opposition, centre-left and conservative, have accused President Carlos Salinas de Gortari's administration of using Pronasol as a political device to help the ruling Institutional Revolutionary Party win votes in areas where it is weakest.

[illegible] assumptions are spelt out about the rate of exports but Mr Francisco Rochas, director-general of the state oil corporation Petroleos de Mexico, said this week that the 150,000 barrels a day increase to 1.37m b/d achieved in September over the July level could be maintained without any damage to reservoirs.

On the income side another variable is the revenue from the last stages of the privatisation programme, including the sale of its majority holdings in the Telefonos de Mexico (Telmex), in commercial banks, and in steel companies.

China's yuan devalued a second time

CHINA will today devalue the yuan by 9.57 per cent from the current rate of 4.73 to the dollar, the New China News Agency said, agencies report from Beijing.

Under the new rate, 5.23 yuan will equal $1.

The devaluation was China's second in less than a year as the government seeks to boost exports.

"The decision is part of the effort to deepen the country's economic and monetary reform and accelerate economic development," the news agency said.

The move had been widely expected and was likely to expand China's modest trade surplus with the world by boosting exports, diplomats said.

Imports, which have fallen sharply this year because of administrative controls and a devaluation last December, would be likely to decline further.

From January to October this year, total trade declined by 2.8 per cent against the same 1989 period to $68.3bn. Exports rose 16.7 per cent to $38.8bn and imports fell 20.3 per cent to $29.5bn.

Last December's devaluation, which cut the yuan's value by 21.2 per cent, helped to turn China's trade from a modest deficit into surplus.

Foreign currency earnings are important to China as it faces a peak repayment period for an external debt totalling around $40bn. For three years from 1992, Beijing is scheduled to repay about $10bn annually.

Foreign press escapes curbs in Singapore

By Paul Taylor, Asia Business Correspondent, in Singapore

SINGAPORE has exempted 14 foreign publications, including the Financial Times, from new regulations requiring publishers to obtain permission before selling their newspapers and magazines in the country.

The curbs on the foreign press will come into effect from December 1 as an amendment to the Newspaper and Printing Presses Act. The communications and information minister may exempt publications from the permit requirement.

The ministry said Mr Yeo Ning Hong, Singapore's communications and information minister, "will exempt 14 foreign publications which do not report regularly on Singapore and have not interfered in Singapore's domestic politics".

Apart from the FT the publications excluded from the new requirement are Time magazine, the Economist, International Herald Tribune, International Express, USA Today, The Sunday Express, Newsweek, The Asahi Shimbun satellite edition, the Nihon Keizai Shimbun Asian edition, the Yomiuri Shimbun, Bangkok Shuho Japanese, Joongang Daily News and the Thai-language Thai Rath.

The ministry said the amendment was not intended to curb the circulation of foreign publications or the free flow of information. "It is meant to overcome problems encountered with a small number of offshore publications which report on Singapore regularly."

Taiwan economy likely to slow down this year

By Peter Wickenden in Taipei

TAIWAN's growth rate is likely to fall to 5.2 per cent this year, from last year's 7.33 per cent, the government statistics office forecast yesterday.

The government's target had been 7 per cent.

Preliminary estimates showed that the economy grew by an annualised 4.07 per cent in the third quarter, and is forecast to grow by 4.95 per cent in the fourth quarter.

Gross national product for the year is forecast to reach $161.5bn (£82.3bn) compared to last year's $150.3bn. Per capita GNP this year should hit $7,992, up from last year's $7,512. Next year it was expected to rise to $8,603.

Economic growth had been affected by declining export growth over the last three years, and this year by a prolonged slide in stock prices, lower domestic demand, decreased investment willingness and, since August, by the Gulf crisis.

Consumer demand will grow by only 7.22 per cent this year, after averaging 13 per cent over the last two years. In the second half, spending hit its lowest level since 1982.

Officials attributed this to the stock market's 80 per cent plunge, and to saturation in the car market. They predict a recovery in domestic demand growth to 8.21 per cent next year.

Private investment for this year will see a decline of 7.75 per cent, but economy-boosting investment by the government, and by state-run enterprises will have risen by 26.5 per cent and 32.7 per cent respectively.

The island's trade surplus for this year is forecast to fall to $9.8bn, down from last year's $11.5bn, and should drop to $7.5bn next year.

THE CHALLENGE TO THATCHER

A determined opportunist seizes the day

Andrew Bolger looks at the entrepreneurial acumen of Michael Heseltine as he strives towards No 10

IF Mr Michael Heseltine does oust the prime minister, he would be the first self-made businessman to occupy 10 Downing Street since Andrew Bonar Law in 1922.

There is no doubt about the extent of Mr Heseltine's financial success: his personal wealth is estimated at around £60m, including a mansion in Belgravia and country estate in Northamptonshire.

What sort of business acumen was it that allowed Mrs Thatcher's challenger to build up Haymarket Publications, the private publishing company that launched magazines such as Management Today, Campaign and Accountancy Age?

The young Heseltine came from a comfortable middle-class home in Swansea, where his father managed a steel plant. From preparatory school he went to Shrewsbury, the Shropshire public school which lies close to the Welsh border.

It was from Shrewsbury that his fellow pupil and later unofficial biographer, Mr Julian Critchley, the Conservative MP for Aldershot, cites the first recorded example of Mr Heseltine's money-making flair.

A monitor wrote that Heseltine was "very much the budding businessman", buying empty soft-drinks bottles from pupils at half their deposit price, and then taking them into town to collect the difference.

Mr Heseltine's entrepreneurial talent was again demonstrated at university, when as treasurer of the Oxford Union he persuaded the authorities to convert its disused cellars into a bar.

The boost that that gave to the union's parlous finances paved the way to Heseltine's election as president of the union – a crucial step in his already ambitious political programme.

Arriving in London in the mid 1950s to train as an accountant with Peat Marwick Mitchell (now KPMG Peat Marwick McLintock), Mr Heseltine immediately set about trying to make the fortune he had decided he would need to enable him to concentrate on politics.

Michael Heseltine in 1954 during his time as president of the Oxford Union and at the Data General Conference last month

With a family bequest of £1,000 (worth about £11,500 today), he joined forces with a friend from Oxford to buy a boarding house in Notting Hill Gate.

They were soon able to trade up to a hotel in Bayswater, and Heseltine's career in property development was launched.

More significantly, Mr Heseltine teamed up with Mr Clive Labovitch, also an old friend from Oxford, who had gone into publishing.

Together they founded Haymarket Publications and produced a string of small-circulation trade magazines.

In spite of the distractions of National Service with the Welsh Guards and unsuccessfully contesting the Gower constituency in the 1959 election, business prospered. By the end of the decade, Mr Heseltine, in his late 20s, had a Jaguar and a home in south Kensington and had given up thoughts of qualifying as an accountant.

It was not all plain sailing, however, and in 1962 Mr Heseltine almost went under commercially when he was struck by a property slide and the collapse of Topic, an attempt by Haymarket to create a national weekly news magazine.

Mr Heseltine had debts of £250,000 and has said he was saved from putting companies into liquidation only by the support of his bank manager. At the time, he says in his book, Where There's a Will, he insisted on personally countersigning every petty-cash voucher in excess of 50p. The only bills paid were those with expiring writs attached.

One reason Mr Heseltine was determined to pay his debts was his belief that people would not think it was right for him to go into public life if companies associated with him went under. In 1964 he was adopted to inherit the safe seat of Tavistock, in Devon, and was elected at the 1966 general election.

Mr Heseltine spent the 1960s founding the titles upon which the fortunes of Haymarket came to be based – Management Today, Campaign and Accountancy Age. Industry sources say they transformed the image and fortunes of the trade press. The magazines had the gloss of Sunday supplements, but also contained hard news and were not afraid to attack people and institutions.

Mr Robert Heller, who edited Management Today from 1964 to 1968, says of Mr Heseltine: "He saw he had the beginnings of a substantial publishing empire. If he saw an opportunity, he had absolute speed and determination.

"He was very much the general, saying who would do what. There would be long discussions, setting aims, but I don't remember any interference thereafter."

Some people in publishing believe Mr Heseltine's business success has been overstated, as it was only in the 1970s and 1980s that Haymarket started to make substantial profits.

In 1970, Mr Heseltine was offered his first government post as a junior transport minister after Mr Edward Heath's election victory. He put his Haymarket shares in trust, to comply with government regulations.

Although Mr Heseltine has subsequently worked as a consultant for Haymarket, his current 50 per cent share in the group is still held by family trusts and he has kept his distance from the day-to-day running of the business.

Mr Heller rejects the suggestion that Mr Heseltine has reaped the rewards more properly attributable to Haymarket's managers. He says: "All the major profit-earners were launched during his time. Heseltine built the base. I can't imagine the company existing if he had not been there."

Even a fan such as Mr Heller admits that Mr Heseltine had limitations. "Michael was a very good businessman and entrepreneur – he was not a manager. He didn't have any interest in administration, details or management theories. He liked doing deals, starting things up. It was only later that proper financial controls were introduced at Haymarket."

Mr Heller concludes: "He was an opportunist, but that is the definition of an entrepreneur."

Mrs Thatcher's views on Mr Heseltine's ability as a businessman are not known, but this weekend she can be in no doubt that he knows when to seize an opportunity.

Heseltine, The Unauthorised Biography, by Julian Critchley MP. Coronet Books. £2.99.

Warning that poll tax must be amended

By James Buxton, Scottish Correspondent

THE POLL tax may bring the Tories down in the next general election and bring about "the ultimate disaster - the election of Mr Neil Kinnock to No 10 Downing Street." Mr Michael Heseltine said yesterday.

The community charge, he said, had to be amended. Mr Heseltine delivered the warning during his Scottish tour yesterday to a genteel audience of 250 Conservatives in the town of Lanark. The contender for the Tory leadership is doggedly keeping to the speaking commitments he took on several months ago.

His only reference to the leadership contest was to say that "we are, how shall I put it, involved in a competitive environment at Westminster". In a gracious reference to his opponent, Mr Heseltine said the electoral disaster the poll tax could bring would put at risk "all that we have achieved in the 1980s under the remarkable leadership of Mrs Thatcher".

The poll tax should be altered so that it was related to the ability to pay and the cost of education should be removed gradually from local authorities, Mr Heseltine said. That would not involve extra taxation, he said, but would be covered by a rise in public spending to match the 2 per cent annual growth of the economy.

This was the soft part of Mr Heseltine's Scottish tour. The previous night, in the industrial town of Paisley, he was heckled and barracked by left-wing and Scottish Nationalist protesters from the moment he stood up.

In Paisley, parts of his speech were inaudible, in spite of a powerful delivery; but he aroused the Tories in that audience and repeatedly won their delighted applause. Many seem to see him as an electoral asset for the Tories in Scotland, unlike Mrs Thatcher, who is undoubtedly a liability.

Lanark is different. Its former manufacturing base is now the industrial heritage centre of New Lanark, created by Robert Own in the early 19th century.

It has almost nothing to do with the steel towns of Lanarkshire to the north and Mr Heseltine soon backed off from talking about the closure announced last week of British Steel's tube works at Clydesdale. Whereas the night before he had criticised British Steel, this time he praised the Conservative government for facing up to economic reality, unlike Labour, which would tax people ever more heavily to subsidise declining industries.

Heseltine's axe hangs over the cabinet

By Ralph Atkins

MR Michael Heseltine's first cabinet, should he win the leadership contest, would be as shrewdly planned as his battle strategy so far.

With Downing Street's well-thumbed copy of Machiavelli's The Prince at his side, Mr Heseltine knows "men must be either pampered or crushed, because they can get revenge for small injuries but not for grievous ones".

He is pledged to select a balanced cabinet. There are debts to repay but he will want to avoid blood-letting that could weaken his generals as an election approached.

The first to be put to the sword will be Mrs Thatcher's most faithful lieutenants. Mr Michael Howard, employment secretary, has attacked Mr Heseltine publicly. Mr Norman Lamont, chief secretary to the Treasury, is firmly Thatcherite on Europe.

A BET of £15,000 was among the large wagers taken by Ladbrokes, the bookmaker, yesterday on Mrs Thatcher winning the leadership contest. The odds on the prime minister shortened from 5-2 on to 7-2 on.

Ladbrokes made Mr Douglas Hurd second favourite at 7-2.

It reported no money for Mr Heseltine whose odds have drifted from 5-2 to 5-1.

Ladbrokes is offering 6-4 against a second ballot.

Mr Cecil Parkinson, transport secretary, and Mr John Wakeham, energy secretary, are old soldiers in Mrs Thatcher's camp who, nearing the end of their political lives, can be removed painlessly.

But the "Big Three" posts at the Treasury, Foreign Office and Home Office will be treated with care. Mr Heseltine knows he cannot purge more than about five cabinet posts without destabilising his rule.

Mr David Waddington could remain home secretary with a brief to appease right-wing Conservatives. Mr John Major could stay chancellor, perhaps pampered with the prospect of becoming Britain's standard-bearer in Europe.

Mr Douglas Hurd, foreign secretary, is a possible threat. He might be flattered with the title of deputy prime minister and leader of the Commons – but handled with more grace than Mrs Thatcher treated Sir Geoffrey Howe.

That leaves room for promoting Mr Chris Patten, environment secretary and "caring Conservative", to be foreign secretary, balancing Mr Major and becoming Mr Heseltine's heir apparent. Sir Geoffrey Howe might get an official house, a peerage and leadership of the Lords.

Mr Kenneth Baker, party chairman, would be unceremoniously axed.

More outspoken Heseltine supporters may be disappointed. Machiavelli warned: "A prince is always compelled to injure those who have made him the new ruler, subjecting them to the troops and imposing the endless other hardships which his new conquest entails."

Dr Keith Hampson and Mr Michael Mates, the MPs closest to Mr Heseltine, have little government experience but will have to be given something. Others who have supported him – frequently ministers dropped or passed over by Mrs Thatcher – may remain frustrated. Politics is a hard and messy business.

Prime minister stays confident

By Our Belfast Correspondent

MRS Margaret Thatcher underlined her determination to fend off Mr Michael Heseltine's Conservative leadership challenge when she visited Northern Ireland yesterday.

Asked if she was in the Province to say goodbye to old friends, the prime minister replied: "Of course not. I wanted to come and I want only to talk about Northern Ireland."

Mrs Thatcher declined to comment on a Mori poll indicating that Mr Heseltine would be more likely to lead the Tories to a fourth general election victory. However, she added: "I believe we shall win and win well."

The prime minister's busy schedule took her on a tour of security bases in County Fermanagh. She met soldiers on duty at some of the most heavily fortified bases and also talked to the widows of IRA murder victims.

During a visit to a shopping centre in Enniskillen, Mrs Thatcher said the government would never capitulate to terrorism.

She said: "We must never give in to terrorism. Never, because in the end our belief in freedom rests upon the knowledge that there are far more people in this world who are honourable and decent and good and who want to live that way, than there are evil.

"So long as we keep faith with ourselves and constantly renew our efforts, we shall eventually defeat terrorism."

The prime minister's visit, which officials said was organised before the leadership challenge emerged, included civilian functions in the Belfast area.

Unionists, angry at the lack of progress on the political front, criticised the government's "failure" to restore democracy to Northern Ireland.

Calling for more powers to be restored to local authorities, Belfast's Lord Mayor Mr Fred Cobain said: "If Northern Ireland really is as British as Finchley, as she says, then she should make sure we are treated in the same way as her constituents."

The Rev Ian Paisley's Democratic Unionist party and the moderate Alliance party have called on Mr Peter Brooke, the Northern Ireland secretary, to press ahead with his own devolution proposals "with or without" the co-operation of the nationalist Social Democratic Labour party.

Meanwhile, the government yesterday dismissed the Sinn Fein proposal to open discussions based on the party's aspirations for a united Ireland.

Independent in £21m deal with foreign papers

By Raymond Snoddy

THE Independent newspaper yesterday ended a period of financial uncertainty by bringing in two new international shareholders, La Repubblica of Italy and El País of Spain.

The two quality newspapers are paying a total of £21.5m for new shares in Newspaper Publishing, the company that publishes both The Independent and The Independent on Sunday. The investment will give each of them 12.5 per cent of the enlarged share capital of the company. The two papers, which have had close news links with The Independent for some time, are also making a £5-a-share tender offer to existing shareholders for a further 2.49 per cent.

Mr Andreas Whittam Smith, editor and chief executive of The Independent, said yesterday Newspaper Publishing, La Repubblica and El País would be setting up a new joint venture company to invest in the expanding European media, including the possibility of getting involved in commercial radio and television.

A combination of setting up the Independent on Sunday and the deepest advertising recession for a decade has strained Newspaper Publishing's finances, leading to a need to raise further equity funds. The company will show a pre-tax loss of £3.91m before an exceptional cost of £3.98m from the pre-launch costs of the Sunday title.

The backing of La Repubblica and El País, politically independent papers of a similar character to The Independent, would seem to secure its future and should enable the paper, which now sells 412,000 copies daily, to continue to compete against The Times and The Guardian and boost The Independent on Sunday, now selling an average of 355,000.

Mr Whittam Smith said yesterday it was his firm intention to seek a flotation, but that it could not be done during the present advertising recession. The £5 tender offer values Newspaper Publishing at £86m – £65m excluding the new shareholder funds.

Move to raise home payouts

By David Thomas, Resources Editor

A BIG INCREASE in compensation for owners of homes that are compulsorily purchased was announced yesterday as part of a planning bill.

In future, home owners will receive the market value of their home, plus an extra 10 per cent of its value up to a maximum extra payment of £15,000. Until now, the additional payment has been £1,500.

Mr Michael Spicer, planning minister, said the changes were designed to reduce opposition to road and rail developments. "It will be quite an important feature in terms of securing development."

Home owners will be entitled to that full compensation if they have occupied their house for at least a year, compared with five years at present.

The new limits apply to fresh claims arising from yesterday, subject to the successful passage of the Planning and Compensation Bill through parliament.

The government has earmarked an extra £50m a year for extra compensation to home owners, which will increase the total expected home compensation payments to £97m a year.

It has allocated a further £20m a year to allow local authorities to buy at an earlier stage during the planning process land affected by planning proposals.

The 50-clause bill also requires all district councils to prepare local plans, which will be used to assess applications for development. Mr Spicer said the plans would "designate parts of the districts for development and other parts for preservation and environmental protection."

Mr Spicer added that there would be a presumption against any application that went against county or district plans and that that ought to reduce the number of planning appeals referred to the environment secretary.

Local councils will have tougher powers to crack down on activities that contravene planning laws, while the maximum fine for planning offences will increase from £2,000 to £20,000.

Mr Spicer said: "The main thrust of the bill is striking a balance between the need for economic development and the need to protect the environment."

Mr Tony Burton, a planning expert with the Council for the Protection of Rural England, criticised the bill for lacking vision and failing to broaden the environmental considerations used to assess development proposals.

Mr Spicer also indicated that the planning inspectorate could be transformed into an independent agency separate from government in about a year.

Lilley backs SE trading rule

By Richard Waters

A CONTROVERSIAL International Stock Exchange trading rule that has for nearly two years reduced the visibility of trading in the stock market yesterday won the tentative approval of Mr Peter Lilley, the trade secretary.

The rule, introduced in early 1989, allows the details of all trades worth more than £100,000 to be kept from the market until the day after they take place. Market makers had argued that immediate publication of deals exposed them to predatory trading tactics from competitors.

Sir Gordon Borrie, director-general of fair trading, attacked the rule change in April this year, saying it reduced the efficiency of the market pricing mechanism and added to investor uncertainty.

Announcing his own view on Sir Gordon's report, Mr Lilley said: "I cannot say that the ISE's rules are necessarily anti-competitive."

The available evidence was incomplete and contradictory, he said, making any other conclusion difficult. Sir Gordon had also acknowledged the weakness of the available evidence.

Mr Lilley's tentative endorsement of the 24-hour rule follows an acrimonious debate in the City over whether it represented an attempt by a group of powerful market makers to re-establish the jobbers' cartel that existed before Big Bang in 1986.

For their part, the market makers have claimed that instant trade publication of large bargains would make it impossible for them to operate profitably.

Mr Lilley did not pass judgment on the exchange's new publication rule for large bargains, due to come into effect at the start of next year. That would allow only a 90-minute delay for trades worth more than three times the normal bargain size for a particular company.

However, he said he had asked Sir Gordon to keep the ISE's rules under review. Sir Gordon has already indicated that he is "minded" to object to the 90 minutes.

Large market makers claim that the new rule will not give them long enough to reduce their exposure after they have carried out a large trade, and that it will create serious distortions in the UK stock market or drive business out of the market altogether.

● The ISE's commercial price information service, Topic, failed for nearly an hour yesterday afternoon, bringing trading in the stock market almost to a stop. Such breakdowns are infrequent but troublesome. Yesterday was the first time the new Stratus system on which Topic runs has broken down. It was established earlier this year to reduce disruptions.

Revenue take rises 10%

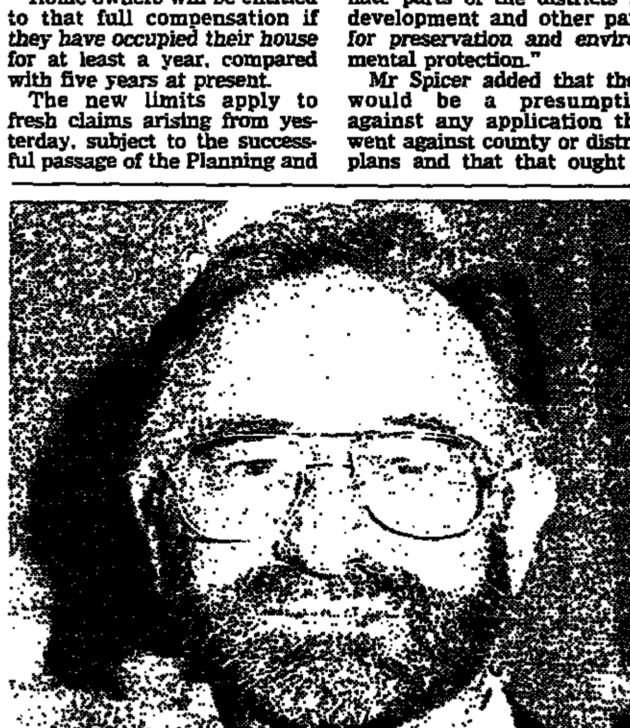
By David Waller

THE AMOUNT of tax collected by the Inland Revenue in 1989-90 rose by 10 per cent to £108bn, while the amount collected as a result of action against non-compliance rose 22 per cent to a record £2.9bn.

The Revenue said in its 1989-90 annual report, published yesterday, that tax offices generally improved on or equalled the previous year's strong performance in meeting operational targets and the proportion of tax left unpaid fell to the lowest level for six years. The Revenue said it was pleased with that performance.

The main challenge for the Revenue in 1989-90 was the introduction of independent taxation for husbands and wives, which was introduced on target in April 1990.

Report of the Commissioners of Her Majesty's Inland Revenue for the year ending March 31 1990. HMSO. £14.30.



Alan Harper

Sir Graham Day: "I never lie and I never bluff"

Another Day, and another top job

By Charles Leadbeater, Industrial Editor

ONE of the most intriguing questions posed by yesterday's upheavals at PowerGen, the electricity generator, is how many days does Sir Graham Day have in his week?

Over the past eight years Sir Graham has developed an increasingly bewildering juggling act of top jobs in British industry. The act will reach epic proportions with his appointment as chairman of PowerGen after the abrupt departure of Mr Robert Malpas.

It is not as if Sir Graham did not have enough to do already. He is non-executive chairman of Rover car group, chairman of Cadbury Schweppes, deputy chairman of MAI, the media and insurance broking group, a non-executive director at British Aerospace and Thorn-EMI, visiting professor and a governor at Kingston Business School, a member of City University Business School Council and a member of the National Health Service policy board.

He is also a family man – married more than 30 years to his wife Ann, father to three children – and a weekend devotee of Tunbridge Wells, where he has a small mews house.

At first sight, running a confectionery and soft-drinks company or restructuring ailing British manufacturing companies – British Shipbuilders and Rover – would not seem to be ideal qualifications for the top job at the nation's second-largest electricity generator.

Yet for most of his career Sir Graham has worked in the grey zone between politics and business. His experience in dealing with privatisation will be one of the greatest assets he will bring to PowerGen.

At Rover, which he joined in 1986, he cut costs, sold peripheral businesses, developed the vital relationship with Honda of Japan, launched the strategy to take the company away from volume markets, and eventually privatised it.

With electricity privatisation beset by uncertainty, the Department of Energy will no doubt hope he will display the same determination and clarity of purpose at PowerGen.

Although he speaks of Mrs Thatcher with unalloyed respect, colleagues say he is not politically dogmatic, nor a Thatcherite executive in the mould of Lord King, chairman of British Airways. Nor has he been dogmatic about privatisation. Sir Graham resigned from British Shipbuilders in 1976 because of delays in taking it back into state ownership.

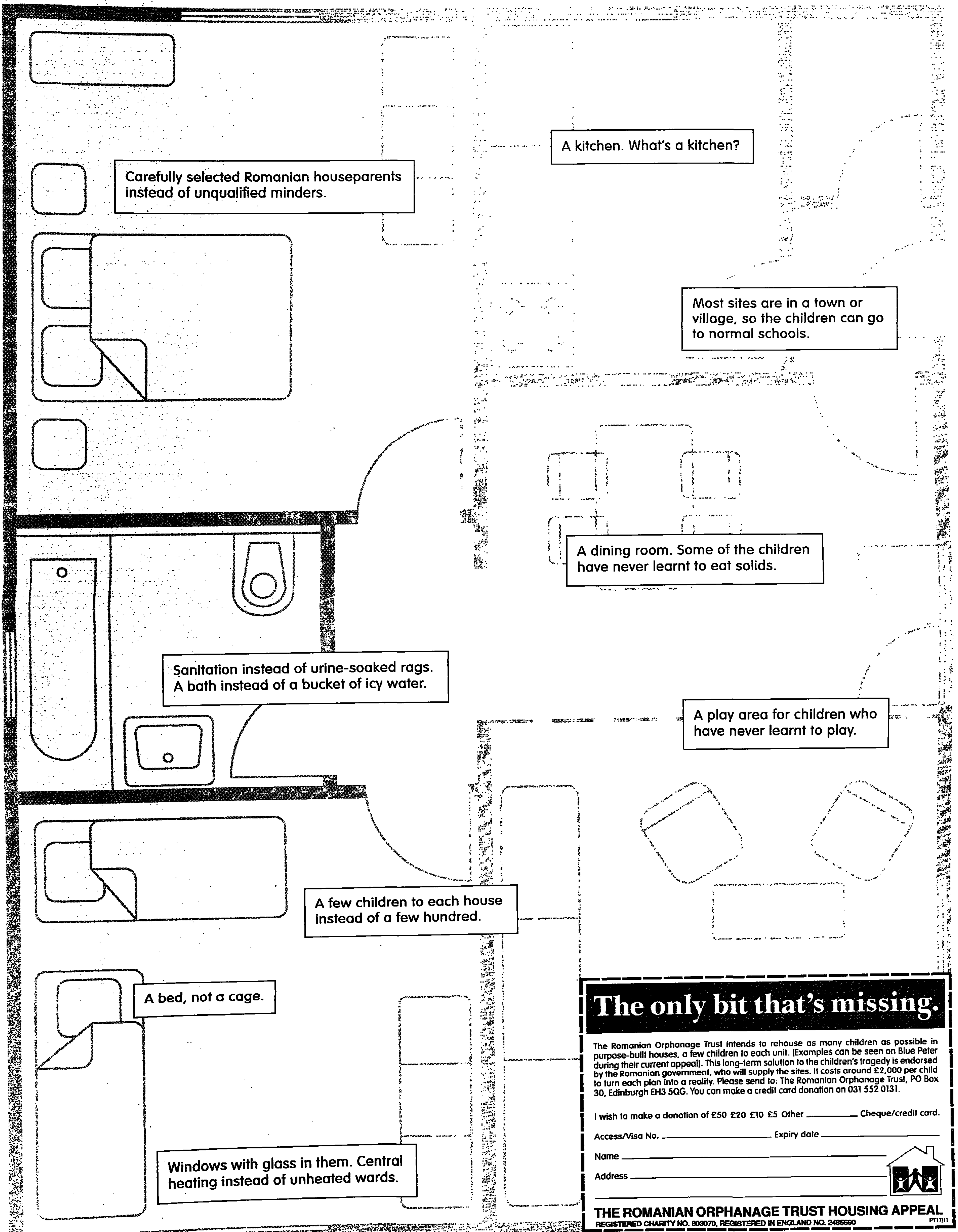
Sir Graham was born in 1933 in Halifax, Nova Scotia, Canada, the son of a British emigrant. He graduated as a lawyer from Dalhousie University and arrived in the UK as chief executive of Cammell Laird shipbuilders on Merseyside in 1971, after a seven-year stint with Canadian Pacific.

After his departure from the UK in 1976 to run a business school and then an oil company, he returned in 1983 to reorganise British Shipbuilders, shutting yards and privatising naval shipbuilding and merchant ship repairing.

Most colleagues say he is charming, warm and straightforward, while union negotiators say he sticks by his supposed motto: "I never lie and I never bluff".

هكذا من الأصل

A plan to end the tragedy of Romania's orphans.



The only bit that's missing.

The Romanian Orphanage Trust intends to rehouse as many children as possible in purpose-built houses, a few children to each unit. (Examples can be seen on Blue Peter during their current appeal). This long-term solution to the children's tragedy is endorsed by the Romanian government, who will supply the sites. It costs around £2,000 per child to turn each plan into a reality. Please send to: The Romanian Orphanage Trust, PO Box 30, Edinburgh EH3 5QG. You can make a credit card donation on 031 552 0131.

I wish to make a donation of £50 £20 £10 £5 Other __________ Cheque/credit card.

Access/Visa No. __________ Expiry date __________

Name __________

Address __________

THE ROMANIAN ORPHANAGE TRUST HOUSING APPEAL

REGISTERED CHARITY NO. 803070, REGISTERED IN ENGLAND NO. 2485690

FT17/11

VSEL submarine yard plans further job cuts

By David White, Defence Correspondent

THE TOLL of job losses from cuts in defence spending grew yesterday with the news that VSEL, the submarine yard in Barrow-in-Furness, Cumbria, plans to cut its workforce by 1,500 more than announced earlier this year.

The move follows the announcement on Tuesday of a £500m production contract with VSEL for the UK's third Trident ballistic missile submarine.

Mr Noel Davies, chief executive, said the cuts reflected the fact that work on the Trident programme had peaked, and because the government planned to scale down the rest of the navy's submarine fleet.

VSEL had decided to make its plans clear to union representatives in order to quash rumours of larger cuts. Mr Davies said there might be further job losses later on.

The cuts, from next April, which the company hopes to make without outright redundancies, follow the announcement in August of 550 job losses. They reduced the workforce at Barrow to 13,300.

There was "never any thought" that VSEL could maintain jobs at the 14,000 level of a year ago, Mr Davies said. In the light of the ministry of defence's Options for Change review he did not know what the new plateau might be.

Last month, VSEL put its Birkenhead warship subsidiary Cammell Laird up for sale for use as a merchant shipyard, saying it would close if no buyer was found. Together, the two yards have the submarine monopoly for the British navy.

Apart from the Trident programme, under which VSEL is expected to be asked shortly to tender for the fourth and last vessel, no new submarine orders are in prospect. VSEL is completing the last of the Trafalgar class of nuclear-powered attack submarines, due to be launched in February, and plans for a successor, the SSN 20, are still unclear.

The first of the navy's new Upholder class diesel-electric submarines is already finished at VSEL and two more are under construction at Cammell Laird. But the government plans outlined in July made clear that no more of that class would be ordered.

Mr Davies said the extent of cuts at VSEL would be determined by the outcome of bids for surface warships – a new frigate to succeed the navy's Type 42 destroyers and replacements for the amphibious vessels Fearless and Intrepid.

The formal order for the third Trident submarine, HMS Vigilant, came when the vessel was already about 25 per cent built. The contract was delayed by approximately a year and followed tough negotiations with the MoD. The price was lower in real terms than either of the two earlier boats under construction.

"Quite naturally and properly, they expected to see the benefits of our learning curve," Mr Davies said.

The total cost of the Trident programme, a replacement for the UK's Polaris submarines, is now put at £9.4bn, of which £2.9bn will be spent in the US. The submarines themselves, including nuclear reactors supplied by Rolls-Royce, account for £3.36bn of the expected total.

Employers in front line of poll tax fight

Michael Cassell on how the workplace has been co-opted as a debt collection point

THOUSANDS of companies are about to become unwilling and unhappy intermediaries in the legal battle to prise poll tax debts out of their employees' wage packets.

New legal obligations on businesses to subtract poll tax liabilities from the earnings of defaulters are beginning to have an impact. As defaulters exhaust a protracted legal process, the time for them to pay up has finally arrived and their employers are in the front line in ensuring that they do.

Many companies are annoyed at what they regard as an additional administrative burden but they are primarily worried that their intervention in a fight involving private individuals and the law might inflict a bloody nose on relationships between employer and employee.

With the poll tax now seven months old, fines and orders demanding payment have now become part of the daily business of the courts. Continued refusal to pay, however, no longer necessarily means a knock on the door from the bailiff. It is more likely to mean a hole in take-home pay.

To add to many companies' sense of resentment, any employer failing to comply with regulations governing an attachment-of-earnings order faces hefty fines and a criminal record. There are also fears that the government plans to extend the earnings attachment principle to a much wider range of debt-recovery situations.

The prospect of gathering poll tax debts is particularly unattractive to employers such as Mr Keith Mansfield, whose mechanical repair business in Leicester employs nine people. He soon expects his first attachment order.

"It is an odd form of justice which compels an unconnected, unqualified and unpaid third party to carry out a court sentence. To make us unpaid bailiffs is objectionable."

Employers have to calculate regular deductions based on 50 salary bands, amended as earnings change, and the government has suggested that they should charge a £1 administration fee to cover costs. Mr Mansfield and others believe an additional charge levied by the employer can only make things worse. "I might take my [30] pieces of silver but then any chance of harmonious working relationships goes straight out of the window.

"You might be able to get away with it in ICI but it spells big problems for a small business where personal relationships and working relationships intertwine."

The sentiment is shared by Mr Jim Watson, who runs a public house and restaurant in Margate, employing up to 20 part-time helpers. He has started rejecting job applicants who admit that they are likely to face poll tax court orders.

"How can you work affably alongside someone if you are having to deduct their pay because they have chosen not to pay a tax with which they fundamentally disagree? As an employer, I should not be asked to intervene."

The concern is echoed by employees' organisations. While the Confederation of British Industry accepts the role of employers' handling pay deductions, it acknowledges the potential pitfalls for employee relationships.

Mr John Pollard, chairman of a CBI working party pressing for changes in the rules governing the collection of poll tax debts by employers, says companies will have to handle deductions in a very careful and sensitive way.

"If employees feel that their employers are in some way personally involved in the making of these deductions, there could be serious industrial-relations implications. We want it made clear that the employer is acting only as a collection agent, as required by law."

Mr John Harris, chairman of the policy unit of the National Federation of Self-Employed and Small Businesses, warns of "terrible damage" to relationships and says many companies are only just waking up to their "unpleasant and onerous" responsibilities over poll tax debts.

Mr Harris claims members are already reporting incidents in which the co-operation of employees has been withdrawn because of poll tax deductions. "If you are a small business, you may be faced with paying up on behalf of your staff so as not to jeopardise your business. Employers are being used as the first, rather than the last, resort in the fight to ensure that people pay."

The CBI calculates that there are about 50,000 attachment-of-earnings orders in force which do not include poll tax debts but it says that up to 2m might now follow. The figure is uncertain, however, because many debtors do not identify their employer – apparently many of them claim to work for M. Thatcher – and are then dealt with directly by bailiffs.

In its talks with the Department of the Environment, the CBI is asking for an extension to 28 days of the 14-day period allowed for employers to make deductions. It also wants to see a clearing house set up to receive all payments and distribute them onwards to as many as 367 local authorities.

The British Payroll Managers' Association has agreed to operate the system, the cost of which would be met by a recommended charge equivalent to 5 per cent of the debt and added to the bill before court proceedings are completed. The CBI has already been accused of trying to make a profit out of such transactions, a charge it vehemently denies.

The prospects for securing significant changes to the collection system appear slim, as primary legislation would be required. The best hope for objectors might lie in a much broader, fundamental review of the poll tax which may yet take place, irrespective of the outcome of the present Conservative leadership election.

Beyond the courts: as poll tax protesters such as these exhaust the legal process, employers are made to step in

Company tax allows £2bn debt repayment

By Peter Marsh, Economics Staff

BUOYANT corporation tax receipts arising from companies' 1989 profits strengthened the government's financial position last month, enabling it to repay £2.3bn of debt.

The figure will cheer Mr John Major, the chancellor, but comes against a background of a general deterioration in the government's finances, largely due to the economic slowdown.

According to government figures yesterday, the Inland Revenue last month gained £9.1bn in tax payments, compared with £5.5bn in September.

The extra income was almost totally explained by the £4bn gained by the Inland Revenue in October from the first instalment of corporation taxes related to 1989 profits, which generally were extremely healthy.

By contrast, 1990 has seen many businesses reporting poor profits, a result of the weakening economy, and income from corporation taxes over the next year is likely to be relatively low.

Meanwhile, government finances are likely to be further squeezed by more social security spending related to the economic slowdown.

In its Autumn Statement last week, the government revised downwards the forecast of its likely surplus for 1990-91.

It says that will be £3bn, as against the £7bn it predicted in March. A number of City economists say even the new figure is over-optimistic and are predicting a surplus of between zero and £2bn.

Largely due to the corporation tax contribution, total government receipts in October came to £18.5bn, as against £14.1bn in September. Spending by the government totalled £16bn last month, roughly the same as in September.

Debt repayment by the government last month contrasted with the position in September when it had to borrow £1.4bn. In August it borrowed £800m, while in July it had a surplus of £3bn.

The government's finances are markedly weaker than at the comparable time in 1989-90. Between April and October this year, the government had to borrow a total of £3.2bn, while in the comparable period last year the government ran a surplus of £3.3bn.

Excluding privatisation proceeds, the borrowing requirement for the first seven months of this year was £4.9bn, compared with a surplus of £0.2bn last time.

NEWS IN BRIEF

Lords will hear Sunday trade appeal

B&Q, THE do-it-yourself retailing chain, has been given leave to leapfrog the Appeal Court and have its appeal against a recent High Court judgment on Sunday trading heard by the House of Lords.

It is expected that the appeal, to be heard early next year, will help clarify the legal position of Sunday trading.

B&Q's appeal results from a High Court ruling by Mr Justice Hoffmann in July which granted an injunction to Stoke-on-Trent and Norwich City councils to prevent B&Q from opening its stores on Sundays.

Nissan-linked plant

TRW, the US aerospace, defence and automotive components group, is to set up an engine valve plant at Washington, Tyne and Wear. The plant, which will employ 225 mainly skilled people, is expected initially to supply Nissan's nearby car plant.

TRW Thompson, the West German subsidiary of the US group, is making the investment.

More than 100 jobs will also be created at Cramlington, Northumberland, at a plastic packaging plant for Schurpack UK, a subsidiary of Schur International of Denmark.

S Wales expansion

YUASA Battery (UK) became the second Japanese company to make an investment in South Wales this week when it announced a £7m expansion at its plant in north Gwent. The move will add 80 jobs to the 470 already at the site.

On Wednesday it was announced that the Welsh-Japanese electronics group, Gooding Sanken, was to build a £10m factory north of Cardiff which will eventually employ 500 people.

Seatbelt deadline

THE wearing of rear seatbelts in cars where they are fitted will be compulsory from July next year, the government proposed yesterday.

Policies urged to combat teacher stress

By Diane Summers, Labour Staff

THE HEALTH and Safety Commission yesterday urged every education authority to draw up a policy for dealing with stress among teachers in an attempt to cut down on absenteeism and reduce staff turnover in schools.

The costs of reduced productivity and loss of trained teachers add up nationally to several million pounds each year, according to a report from the commission published yesterday.

The report highlights big changes "both organisational and societal" that are contributing to the stress felt by some teachers. The changes include the introduction of local management of schools and the national curriculum.

The document says: "Whatever the merits of such changes and their final outcomes, there is no doubt that radical change in itself is a source of stress, and its possible effects and consequences for schools need to be positively managed."

The National Union of Teachers, the largest of the teaching unions, said it was clear that the guidance was as applicable to central government departments as it was to local education authorities.

Ms Elaine Darbyshire, NUT principal officer and a member of the HSC panel that drew up the report, said that change had been managed badly from the centre. "Local authorities have had little control over the initiatives. The Department of Education and Science itself should take note of these recommendations."

Stress is increasingly being recognised as a costly, work-related hazard, affecting both blue and white-collar employees. Teaching has been identified by some studies as among the "high-risk" occupations.

It is estimated that up to 10 per cent of the workforce suffers mental or physical ill-health linked to occupational stress. As many as 30 per cent of employees suffer from minor stress-related ailments.

The HSC report says that, apart from rapid and far-reaching changes, researchers have identified time pressures, low perceived status, poor working conditions and poor pupil motivation as contributory stress factors.

Solutions lie in a combination of individual and organisational approaches, the guidance says. Managers need to develop an awarement of stress conditions – a "pull-your-socks-up" attitude is likely to make things worse, according to the HSC.

Group problem-solving and "developing a supportive culture" are seen as key. At an individual level, the report details techniques for improving time management and relaxation.

Managing occupational stress: a guide for managers and teachers in the schools sector. HMSO. £2.

Ford agrees 13.4% pay settlement

By Michael Smith,
Labour Correspondent

UK EMPLOYEES of Ford will receive pay rises of 13.4 per cent, the highest increase awarded so far this year to any large group of British workers, after the publication yesterday of inflation figures for October.

The rise, resulting from a two-year pay deal negotiated last January, compares with recent increases of 12.4 per cent at Vauxhall, 12.5 per cent at Jaguar and 11 per cent at Rover.

Ford settlements traditionally influence other negotiations, especially those in the motor industry. Peugeot-Talbot in the Midlands and Nissan in the north-east are due to settle in the next month or so.

The 13.4 per cent rise comes as a blow for the government, which has argued in the wake of Britain's entry into the European exchange rate mechanism that unit wage costs should be curtailed unless jobs are to be lost.

Mr Derek Barron, Ford UK chairman, said yesterday that the deal was higher than Ford had initially expected. However, the agreement was struck in quite different economic circumstances from the present. "A year ago we made an agreement which doesn't make a lot of sense now," he said.

The deal allowed for 8 per cent or the inflation rate plus 2.5 per cent in the second year beginning November 24, after a 10.2 per cent rise last November. Ford said yesterday that when it was struck, last January, the expected inflation rate for October was between 5.5 per cent and 6.5 per cent.

The inflation-linking formula means that, for the largest group of Ford workers, basic pay will rise from £245.83 a week to £277.87, including productivity bonuses but excluding overtime.

The rises apply to all 32,780 manual workers and all but the management members of 11,391 white collar staff.

Mr Jimmy Airlie, chief Ford negotiator for the AEU engineering union, said the rise was based on the massive increase in productivity the company had achieved in recent years in the UK.

"We very sensibly negotiated a deal to protect our members from inflation," he said.

"The government caused inflation. We just catered for it."

The experiences of Ford and Vauxhall, whose recent 12.4 per cent rise to its workers as the second part of a two-year pay deal, is making employers wary about entering long-term, inflation-linked pay deals.

Rover refused to concede a link to inflation in its recent pay deal with 30,000 manual workers. In the second year of the agreement, pay will rise by 7.5 per cent.

Investment manager sent to jail for stealing funds

By Raymond Hughes, Law Courts Correspondent

AN INVESTMENT manager tried to trade himself out of his difficulties by using clients' money, the Old Bailey heard yesterday. He had got out of his depth after taking over the company for which he had worked.

Mr John Ainsworth, of Valmet Assets Management, was sentenced to 30 months' imprisonment after pleading guilty to stealing a total of £357,361 from two clients and to five false-accounting charges. He was also disqualified from acting as a company director for seven years.

Mr Neill Stewart, prosecuting, said that clients had paid money to VAM on the strength of false contract notes purporting to show that shares had been bought on their instructions. In fact, none had been bought.

For the defence, Mr Mark Ellison said that at the end of 1987 the Swiss investment bank that then owned VAM, where Mr Ainsworth had been working, had decided to shut the concern down because it was not profitable enough.

The bank had offered the shell of the company to Mr Ainsworth for nothing and he had decided to take the opportunity to "go it alone". The alternative had been redundancy.

For the first few months, the company had more or less broken even, but by June 1988 Mr Ainsworth had got out of his depth and had started to make losses because of his bad investment decisions.

By May, 1989, he had totally lost his grip on the situation and was treating his clients' money as if it were his own.

His activities had eventually been halted by Fimbra, which had stepped in and stopped VAM from trading.

Clarke sees schools opting out of national pay deals

By Michael Smith

THE GOVERNMENT predicted yesterday that education authorities and schools would find it increasingly attractive to opt out of national pay bargaining as it published a bill to reform the structure of teachers' salary negotiations.

Mr Kenneth Clarke, education secretary, also reiterated the government's intention to press for higher pay rises for selected teachers. Speaking on BBC radio, he said negotiators should consider paying more to teachers of subjects including maths and science.

The measures contained in the bill will partially restore negotiating rights which were scrapped after a wave of disruption in schools in 1987. Unions fear it might lead to an end to the national pay structure. They dislike inclusion of government powers to reject any negotiated settlement recommended by unions and employers.

The bill will establish direct national negotiations between local-authority employers and teacher unions for the 1992 settlement and subsequent years.

Although the government would have no presence in negotiatings, it would have the right to refer back any aspect of the negotiating body's recommendations with which it disagreed. It could even impose its own settlement.

However, the bill says that the government undertakes not to override on cost grounds a recommendation falling within the interquartile range (middle 50 per cent) of private-sector pay settlements.

The interquartile range formula has been used in negotiations covering civil servants. The NUT said the formula would do nothing to address teacher shortages.

Mr Clarke said he would write to the head teachers of all state schools in England and Wales with details of the opt-out proposals.

Trickle-down effect leaves charities begging

Alan Pike looks behind new figures that highlight a fall in individuals' aid donations

LEADERS of Britain's charities met in London yesterday to explore ways of increasing donations from £2 to £10 a household during the 1990s.

By the time the charity managers sat down in the Queen Elizabeth II conference centre, even the £2 figure had begun to look optimistic. Figures published by the Charities Aid Foundation on Thursday show that individual donations have fallen recently from £1.97 a month to £1.28.

There is a version of the trickle-down effect which the government has long hoped would apply to charity – that people who did relatively well out of the tax changes and economic growth of the 1980s would start donating more of their income to deserving causes. It is not happening.

Part of the recent collapse in donations can perhaps be explained by the fact that many of those who did well are now feeling the pinch of high interest rates and inflation. Yet the collapse has taken place before take-off. Even in the better economic climate of the late 1980s, donations to charity remained on a plateau.

A further factor in a possible explanation is contained in another report published this week. The 7th British Social Attitudes survey demonstrates growing support for greater spending on state welfare provision, even if it means higher taxes. That, according to the survey, is becoming a more widespread view, regardless of status or political allegiance.

The survey does not ask by how much people would be prepared to see their taxes increased, and it implies a fairly self-centred view among many about how higher state spending should be allocated. Health and retirement pensions are the most popular causes, with negligible support for extra spending on prisons and single-parent benefits.

It does, however, support another of the Charities Aid Foundation's findings – that 83 per cent of the population think that the government, rather than charities, should be doing more to help people in need. Charity managers believe the public is becoming increasingly resistant to financing voluntary organisations to do the state's work.

That is extremely bad news for the government since it is trying to push policy in the opposite direction. A range of forthcoming initiatives envisage contracting work to the voluntary sector. Local authorities will be required to make increased use of non-statutory provision in the community care of the elderly and handicapped. Finance has also been allocated by the Home Office to involve more voluntary organisations in the after-care of offenders.

TOP 10 DONORS	Total £m	Cash £m
NatWest	12.5	2.3
BT	12.31	5.67
Barclays	10.41	2.46
BP	9.0	5.3
British Gas	6.0	n/a
Shell	5.97	1.77
TSB	5.77	3.38
ICI	5.15	3.35
Tesco	4.66	4.22
Midland	4.64	0.81

The question of whether charities should take over such activities from the state is a sensitive one for the voluntary sector. Some charities fear that their ability to campaign against the causes of social ills would be blunted if their financial viability depended on keeping government contracts. Many charity managers do not want to become over-reliant on the government. That accounts for yesterday's conference theme: the need to increase income from elsewhere.

Local authorities have traditionally been an important source of funds. However, the National Council for Voluntary Organisations has warned Mr Chris Patten, environment secretary, that cuts in funding by financially pressed councils are putting voluntary services for the elderly, young and disabled at risk. Ms Usha Prashar, NCVO director, wrote: "Instead of encouraging active citizenship and charitable giving, these cuts will undermine voluntary effort."

Faced with declining public support, charities have to find ways of redressing the fall in individual donations, and developing business sponsorship.

Ministers continue to hope that the government's payroll deduction scheme will eventually be taken up by far more people as a tax-efficient and relatively painless way of supporting charity.

The scheme, now in its fourth year, has got off to a relatively disappointing start, although by 1989-90 there were more than 180,000 employees participating.

There is agreement that its promotion must become far more high-profile.

Mr Michael Brophy, Charities Aid Foundation director, believes that applies to the entire concept of supporting charity. He is interested in examining whether North American-style multi-media campaigns by charities, corporate supporters and grant-making trusts might work in the UK.

The UK's experience of telethons shows that great generousity can be stimulated for specific causes. Persuading people to give on a regular basis is more difficult.

Charity managers are waiting anxiously to see whether this year's downturn in the economy will undermine painstaking efforts to build up corporate support. In addition to money, companies help charities in many indirect ways: by seconding staff; providing premises and equipment; and sponsoring events, research and publications. There was a growth in corporate support of about 3.4 per cent in real terms between 1988-89 and 1989-90.

National Westminster Bank, the most generous corporate sponsor last year, maintained its support at nearly £12.5m in spite of reduced profits. Charity managers hope that the bank has set a trend that will be followed by other companies.

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The wrong quick fix

AS Britain's 372 Tory MPs contemplate their options before the forthcoming leadership election, they might do well to ponder the uncheerful verdict that the currency markets are now passing on their electoral prospects. Sterling had admittedly established itself firmly at the bottom of the exchange rate mechanism (ERM) some time before Mr Michael Heseltine emerged to challenge Mrs Thatcher. But the conspicuous further decline of the pound in the course of a week that saw a powerful attack on the prime minister from Sir Geoffrey Howe and panic on the Tory benches serves to underline the extent of the problem that the Conservative party confronts between now and the next election.

For some, entry into the ERM was the quick fix that was going to put the Conservative show back on the road. A formal link with the D-Mark was to be the prelude to successive declines in interest rates, which would alleviate the burden of mortgage debt on individual voters and permit consumer spending to perk up in time for the election.

What happened, in the event, was quick, but no kind of fix. Entry into the ERM has failed to administer any immediate shock to inflationary expectations. Britain's rate of inflation – witness yesterday's unchanged rise in retail prices – remains obdurately above the average of its ERM partners. And while the Thatcher camp may draw some comfort from the fact that the currency markets still hold the prime minister in higher regard than the domestic stock market, the politically-related sterling slide this week merely adds an uncomfortable twist to an already vicious circle: further falls in interest rates look even more elusive since sterling cannot now be allowed to fall below the bottom of the ERM currency grid.

Obvious riposte

The irony in all this is that Mrs Thatcher's unease on the ERM may well prove to have been rather more justified, in the short term, than those of her more pro-European colleagues – although the obvious riposte is that the UK has entered at a difficult time largely because she herself resisted the idea of entry so strongly at a rather better time. But it is clear by now that Britain has chosen to join the ERM at a challenging moment. To start with the system is suffering from a big external shock in the shape of German unification just when it is learning to live without the prop of exchange controls. And it is now having to absorb a currency that is second only to the D-Mark in the extent to which it is traded internationally. All this is taking place against a background of tension in the Gulf, which threatens to precipitate a nasty shock via the oil market.

It is not just the British who are feeling the strain. The renewed call this week by Mr Pierre Bérégovoy, the French finance minister, for a co-operative bid by the Group of Seven industrial countries to stabilise the dollar is one obvious symptom. At first sight Mr Bérégovoy's concern over the dollar's recent weakness looks like a straightforward attempt to prevent the United States exporting its recession to Europe through malign neglect of the currency. Yet the French are also worried, as are the Italians, that dollar weakness forces the D-Mark up against the other currencies in the ERM, thereby making it harder for them to cut interest rates when growth is slowing.

Heavy scepticism

And slowing it definitely is. Most forecasters have been wrong-footed by the speed with which continental European economies other than Germany have been slowing down. And there is now widespread scepticism over official growth forecasts, notably in France and the UK. Yet there is no chance at all that the Bundesbank will accommodate the worries of Germany's partners when German fiscal policy is loosening in response to the budgetary demands of unification. The recent rise in the Lombard rate was a clear signal that the Bundesbank's interest rate decisions will continue to be made on purely domestic criteria. Yet an upward realignment of the D-Mark, which would help relieve the monetary pressure, is ruled out by other members of the system for political reasons.

For the British, who are confronting recession earlier than France or Italy, the pain will inevitably be greater – a point forcibly underlined by sharply rising unemployment figures this week. Perhaps the only glimmer of hope for unhappy Tory MPs this weekend is that the international climate is by now so uncertain that today's reasonable expectations about any given exchange rate may well be turned on their head within a matter of days. But that is a very insubstantial basis on which to reconstruct any credible scenario for a Conservative victory at the polls. Whoever emerges the victor from the leadership race next week will find that the UK's ERM entry poses a severe political challenge.

Philip Stephens on the shock waves at Westminster this week

The spell is finally broken

It was difficult to disentangle the swirl of emotions in the perilous fog which engulfed the Conservative party at Westminster this week.

Fear, disbelief, despair, anger, and fear again gripped Tory MPs as they watched or joined the bloody conflict which threatens the government and its prime minister with self-destruction. An undercurrent of macabre excitement ran through it all.

The Labour party, whose own internecine strife delivered the 1983 and 1987 elections to Mrs Margaret Thatcher, looked on in unconcealed glee at someone else's civil war.

Outside the camps of the partisans in the first serious challenge to her leadership since she forced out Mr Edward Heath in 1975, it was perhaps the sheer incredulity among Tory MPs which was most striking.

Even those who agreed that the departure rate from Mrs Thatcher's cabinet had begun to look alarming rather than careless had not anticipated the shock waves.

Nobody at the beginning of the week expected the sheer force and anger of Sir Geoffrey Howe's resignation speech. Few thought that Mr Michael Heseltine could cast aside with such ease his constant pledges not to challenge the prime minister.

"We have a majority of 100. What are we doing?" asked one middle-of-the-road MP, contemplating the disappearance of his 10,000 majority. The answer from a colleague came without hesitation. "Handing it all over to (Neil) Kinnock."

"You won't see this for another 30 years," said an old hand who remembered the turmoil which brought the end of the Conservative government of the then Mr Harold Macmillan. Nobody quite understood how and why history appeared to be repeating itself.

It may be that emotions and prejudices are for the moment clouding judgment. Politics, the few remaining optimists on the government side said, could be tumultuous one minute, serenely calm the next.

If Mrs Thatcher won a convincing majority in next Tuesday's leadership election, they maintained, the party would again unite behind her. By spring, inflation and interest rates would be falling, a compromise would be struck with our European partners, grudges would be buried until after the general election.

On the other hand, if Mr Heseltine defied the odds and won, there would be a honeymoon period. He would be sensible enough to keep a balanced cabinet; the expected boost in opinion polls would lift morale.

Perhaps. But most Tory MPs – and for that matter most of Mrs Thatcher's ministers – seemed unconvinced. The consensus (in private rather than public) was that whatever happens in Tuesday's ballot, the Conservatives' seemingly effortless grip on British politics has been finally prised open. The spell of Thatcherism has been broken.

The prime minister wheeled out her cabinet ministers in support of her campaign. But that they were looking beyond her reign was confirmed by the conspicuous refusal of Mr Douglas Hurd, the foreign secretary, to rule himself out of contention. He would not stand against Mrs Thatcher. But if she was fatally wounded by Mr Heseltine? That was a hypothetical question which did not need answering.

Mr John Major, the chancellor, sounded more positive in his support for the prime minister. But he too left the door open to joining the contest if it goes to a second round.

Others, such Mr Kenneth Clarke and Mr Chris Patten, defended Mrs Thatcher and her policies but said nothing which would exclude them from what Mr Heseltine has already promised would be a cabinet of all talents.

In private, ministers brooded with, and consoled, each other in evening telephone conversations and in snatched exchanges in the voting lobbies of the House of Commons. The general view was that if the government does in the end win the election due by mid-1992 it will because its luck returns. Many of them are unconvinced that it deserves that much luck.

Mr Heseltine is offering 1001 policies to replace – with his eyes on the votes of MPs on the right of the party, he would say take forward – the Thatcher revolution. His massive manifesto – framed during four years in the wilderness of the backbenches – is often as bewildering as it is comprehensive.

His pitch for support across the party means that every promise to offer a different and caring brand of conservatism is matched by another to prove his Thatcherite credentials.

A Japanese- or German-style partnership between government and industry would run in tandem with a campaign to improve efficiency in the civil service and the town halls. Mrs Thatcher's vision of Europe is attacked because it allegedly fails to understand Britain's self-interest in greater integration.

But for the next few days Mr Heseltine's campaign strategy is based first, second and third on his claim to be a more electable leader than the prime minister – a claim cleverly buttressed by a pledge to cast off the electoral albatross of the poll tax.

It is impossible to judge at this stage who will win. The conventional wisdom is that Mr Heseltine will leave Mrs Thatcher bloody and bowed but still standing.

She continues to have much support. Some of it is drawn from sheer respect for her achievements; some from a still-passionate belief among supporters that she is best suited to enact radical policies; some from the self-interest of those who have prospered with her.

The essence of her views on Europe – if not the tone in which they expressed – also strike a chord with the broad swathe of Tory MPs. This weekend, as those MPs return home, the strongest message from the activists in the constituency parties may be a call for the party at Westminster to come to its collective good senses and support its leader.

Loyalty, after all, is supposed to be a reflex in the Conservative party and Mrs Thatcher has been the most successful leader this century.

Mr Heseltine is probably right, however, in judging that the overriding influence on most MPs will be their perception of how best to win the next election: that loyalty comes second to success. What he cannot count on is that such as consideration will drive a majority to choose him.

His core support is guaranteed from those who have never believed in Thatcherism and never will; from those whose demotion or lack of promotion has left them with nothing to lose; from those who genuinely admire his approach. But that adds up, perhaps, to about a quarter of the party's MPs.

Many others freely admit that they will be trying to assess whether the party could actually survive the assassination of its prime minister; and whether the attraction of a new leader outweighs the potential divisiveness of putting a man like Mr Heseltine in Downing Street.

For many it is a fine judgment. Beyond the two partisan camps, it is easy to find Tory MPs who are convinced that it is time for a change of leader. They hate the idea of a contest now but would like the prime minister to step down gracefully before the general election. Many think the party needs the steadiness of Mr Hurd rather than the flamboyance of Mr Heseltine.

Some ministers speak of a "golden scenario", under which Mrs Thatcher wins on Tuesday but then decides to retire next spring when inflation and interest rates are both falling. Mr Hurd could be eased into Downing Street. Mr Major and Mr Patten are young enough to fight another day.

But until the polls close there will be little point in speculating which way the mixture of ambition, loyalty, fear and intellectual judgment will eventually lead most Tory MPs to vote.

From Mr Heseltine's camp there are constant reminders of how Mrs Thatcher defied the odds and defeated Mr Edward Heath in 1975. It is also clear that her campaign has got off to a shaky start. But the prime minister's advisers remind us that Mr Heath had lost three general elections. Mrs Thatcher has won three.

The less committed warn that nobody should believe anything. We are dealing, one said this week, with the most sophisticated and devious electorate in the world. Whatever is said in advance, on Tuesday it is a secret ballot.

But win or lose, time is running out for Mrs Thatcher's brand of Conservatism. "It could not be worse... but I plan to go down with the ship," said one of a handful of cabinet ministers who remains convincingly loyal to the prime minister in private as well as in public.

Juvenile pensioners

John Wyles on Olivetti's move to retire 5,000 workers early

Not having the highest opinion of the Italian political class, Mr Carlo De Benedetti must have found it highly disagreeable on Wednesday to hand to his political opponents in Rome the cheapest of cheap debating points.

"Here he is," they crowed, "the man who is always lecturing us on the need for privatisation and market policies, but as soon as Olivetti gets into trouble he comes running to the state for a hand-out." The "hand-out" in question is Mr De Benedetti's proposal that the government should pass a law to finance a special early retirement programme for 5,000 employees of Olivetti in Italy who have become surplus to requirements because of the downturn in the computer business. Another 3,000 jobs will be lost outside Italy in the company's attempt to cut labour costs and to restore competitiveness.

The Olivetti chairman is attempting to sweeten the pill by offering to hire 1,000 young people, some of whom would be drawn into the company's expanding research and development activities in the job-starved south. Although his popularity rating at the Rome headquarters of Italy's five governing parties is currently about as high as Saddam Hussein's, his skin is certainly thick enough to weather the gibes of recent days, and his mind astute enough to know that he is making a proposal which the politicians will find hard to refuse.

At the moment, they are obsessed by two matters: the near-certainty of an early general election next year and the rise of the so-called "leghe" – the northern regional parties demanding political autonomy from a central government which they luridly present as overpopulated by corrupt, mafia-influenced southerners.

The five coalition parties know that the only alternative to early retirement at Olivetti will be forced redundancies. The Cassa Integrazione Guadagni, into which temporarily redundant workers can be parked on very high proportions of their working wages, will not do because, as Mr Giorgio Panattoni, managing director of Olivetti Technologies Group, has said: "They will be there for life." Seen from Rome, the danger will be that each disgruntled ex-Olivetti employee in the north may become a recruiting sergeant for the leghe. Moreover, they will add to Italy's 11 per cent headline unemployment rate which is one of the highest in the European Community. The actual rate is certainly lower because of the pervasiveness of the black economy, but few politicians care to say so.

Mr De Benedetti, then, may feel confident that he is riding a winner in suggesting that his surplus male workers should be allowed to retire at 50 and his female employees at 47. The proposition, though, remains a tricky one for a government which is currently seeking phased increases in the national retirement age for men from 60 to 65 and for women from 55 to 60. The cost of topping up the underfunded state pension reached L54,000bn last year. This was 22 per cent higher than in 1988 and is becoming prohibitive for a country whose budget deficit is above 10 per cent of Gross Domestic Product and whose total outstanding debt is the precise equal of annual GDP.

The question of precedent may also bother some, although under a law no longer in force about 180,000 people have been allowed to retire early at 50 (women) and 55 (men) at a cost between 1985 and 1989 of L10,800bn. The only other Italian case which has warranted a special early retirement law has been the steel industry and its satellite suppliers. By the end of next year a three-year programme should have been completed pensioning off 8,500 workers at the same lower ages proposed by Olivetti.

But with the Italian economy slowing down and car sales limping badly throughout Europe, is there not the risk that Mr Giovanni Agnelli might ask the state to finance a permanent solution for Fiat if he runs into a structural labour surplus? Others might follow in his wake, so that before long Italy could be trans formed into a land of juvenile pensioners. Some might say that progress has already been made in this direction, given that it is possible to retire from some parts of the public service after fewer than 25 years.

Mr Giorgio Benvenuto, general secretary of the UIL, one of Italy's three trade union confederations, told the Financial Times that he will support Mr De Benedetti's plan, adding, rather less predictably, that it should be seen as "an ad hoc measure for restructuring the computer industry and not as something for general application". One can almost hear him addressing the case to Brussels where the European Commission might be a little anxious that an early retirement scheme for Olivetti is a coach and horses for blasting through EC rules on state aids.

Mr Benvenuto looks enviously at France which he says has given much financial support to its computer companies and has an altogether more coherent policy than Italy for sustaining advanced technological sectors. He also has some regard for Mr De Benedetti who runs a civilised consultative policy and also for his company. "If Italy is to stay in computers there has to be some restructuring with the help of social stabilisers. Olivetti can be a leader in the sector, but the government must not let things drag on."

MAN IN THE NEWS

Arthur Dunkel

Canny negotiator who plays a close Gatt hand

By Peter Montagnon

This week's trans-Atlantic row over European Community farm supports may have put Mr Ray MacSharry, EC Farm Commissioner and Mr Clayton Yeutter, US Agriculture Secretary, in the limelight. Yet it was sparked, some would say deliberately, by someone else: Mr Arthur Dunkel, head of the General Agreement on Tariffs and Trade.

Mr Dunkel lit the blue touch paper at the start of the week with a statement that the entire Uruguay Round of multilateral trade negotiations was now firmly stuck because of the impasse over farming. He then retired to watch the fireworks.

By one reckoning the statement was no more than a matter of fact. By another it was a carefully timed effort to shock world leaders into a change of heart that could save from collapse the four-year Uruguay Round effort to rewrite the rules of the entire world trading system.

On the basis that people will not respect rules that are imposed upon them, such negotiations work on the principle that everybody must agree to everything. Thus, while agriculture is only one of 15 items on the Uruguay Round agenda, there can be no agreement in the other areas – such as opening up world trade in textiles and reinforcing rules on patents and copyright – unless all 100 countries participating in the Round agree on farm reform as well.

At the centre of this complex web of what trade people call "inter-linkages" sits Mr Dunkel, the 58-year-old Swiss who has been head of the Gatt for the last 10 years. His job is to orchestrate the negotiation in such a way as to produce results. Rightly or wrongly, he will bear much of the blame if the process eventually fails.

Even at the best of times this would be a daunting challenge. The multi-faceted agenda of the Uruguay Round makes it one of the most complicated international negotiations ever undertaken. It far exceeds, in both scope and numbers of participants, other high-profile talks such as those on arms control or European monetary union.

Unlike Mr Michel Camdessus who runs the International Monetary Fund and Mr Barber Conable of the World Bank, Mr Dunkel lacks the clout which comes from being able to dispense large amounts of money. The "organisation" which he heads is not even legally an organisation at all but a secretariat administering a provisional agreement on trade law. Ultimately, all he has to rely on are his wits, diplomacy and experience.

Mr Dunkel is a lanky chain-smoker with a pronounced stoop and a passion for fine food, fine art and the 1978 Jaguar in which he occasionally races up the motorway from Geneva to his hideaway in Berne. Unlike many of his compatriots, he is also truly international. A childhood in Lisbon left him fluent in Portuguese as well as his native French. Like all good Swiss, he is also at home in English and German. A long earlier career as one of Switzerland's top trade officials made him a master in the art of negotiation.

This quality is now being put to the test by the crisis over farm reform. Despite his relatively weak institutional power, Mr Dunkel knows how to exploit the process by which governments can be squeezed to the point at which they will backtrack on previously resolute positions. It depends on exposing them as isolated in the international community, as the EC is now on farming and the US in the almost equally contentious area of trade in services.

Such isolation comes only through the attrition of continuous hours of negotiation to strict deadlines, often ending with a trip to Gatt's notorious "green room". Decorated in sickly olive-green wallpaper, this is a claustrophobic, usually overcrowded conference room made all the more uncomfortable by the billowing clouds of Mr Dunkel's cigarette smoke. There cannot be many ministers and ambassadors who, a few hours into a night session in the green room, have not longed to give up the struggle in exchange for a refreshing glass of Dôle du Valais and the crisp white sheets of a comfortable Geneva hotel bed.

Timing is of the essence in the green room. Mr Dunkel has always prided himself on his ability to know when to let the weary negotiators go home and when to keep them there through the night if necessary so that one or more recalcitrant parties will yield.

Similarly, timing was also crucial to this week's warning that the Uruguay Round was in jeopardy. Mr Dunkel could have wheedled and cajoled the negotiators into carrying on their work in the desperate hope of an eventual breakthrough. Instead he made his statement just ahead of a mini-series of high-level international meetings culminating in next week's visit to Europe by President Bush.

Thus he created both a crisis and an opportunity, but it was still a high risk strategy developed by a man of consummate discretion who keeps his cards very close to his chest. Critics say his innate caution makes of Mr Dunkel more of a schemer than a leader. He is too timid, they say, too anxious to avoid giving offence by engaging in direct confrontation. What is needed at Gatt is a person with political clout, a plain talker who leads from the front as the strong head of a strong organisation.

Thus he is said to have fluffed the opportunity to influence national trade policies through the country reports which Gatt began publishing last year. Some add that he has been too indulgent towards the less effective Uruguay Round negotiating group chairmen.

Yet, this would imply a more political approach which would conflict with his mandate. This is not to make international trade law, but to facilitate its operation and to uphold respect for it. It requires strict neutrality which commands the trust of all. There are no political appointees on the staff of Gatt. A politician at the helm would immediately be seen as *parti pris*.

Friends say it was faith in his own impartiality which gave him the courage to address, through a faulty microphone, the 15,000 angry farmers who stormed the iron gates of the Gatt this week. Though half of them were Swiss, he told them their problems could be resolved only through dialogue, not confrontation. The farmers may eventually have dispersed, but the problem remains.

For all his personal commitment to the multilateral trading system, Mr Dunkel is powerless to make either Washington or Brussels reach an accommodation on farm support if they do not want to. He, and the institution he heads, will simply have to come to terms with the consequences of whatever they choose to decide.

هكذا من الأصل

Paul Abrahams analyses the government's initiative to make the UK industry the world's most liberal

Brave new world for telecommunications

As Sir Geoffrey Howe was unleashing his attack on Mrs Thatcher in the House of Commons, a smaller – though for the consumer more substantial – earthquake took place nearby in Victoria. A brave new world for British telecommunications was unveiled before assembled journalists on Tuesday by Mr Peter Lilley, the trade and industry secretary.

In the most significant review* of the industry since British Telecom was privatised, Mr Lilley made clear his intention to create the world's most liberal telecommunications environment – one certainly more liberal than that in the US.

To achieve this, Mr Lilley intends to increase competition in local, trunk and international telephony. A consequence will be that overwhelming dominance of British Telecom, the company that presently controls 95 per cent of the market, will be undermined.

For the average business or residential customer, the implications of this liberalisation may well appear obscure. After all, a telephone is a telephone.

But Mr Lilley expects his proposals to create a fundamental restructuring of the UK telecommunications industry which will increase choice and efficiency. He hopes to repeat the experience of deregulation in the US where there was an explosion in the number of telephone service providers. In addition, he argues that the competitive pressures created by wider choice will result in lower prices and improved quality of service for the customer.

At a local level, Mr Lilley's proposals should open up a Pandora's box of alternatives. Householders or businessmen will be able to connect their telephones to lines supplied by cable television companies, mobile telephone operators, providers of personal communication networks, one of the four telepoint companies or anyone else who wants to become a service provider. Alternatively, they could stay with BT.

Under the proposals, BT would be obliged to provide 'equal access' to other service providers

One side effect of the proposals is that the cable companies, which have franchises for about 70 per cent of UK households, will have renewed incentive to invest in their networks. Many of these companies are part-owned by North American telecommunications groups and may well decide to accelerate their investment programmes. The joys of British Sky Broadcasting's The Simpsons may arrive in many UK homes sooner than expected.

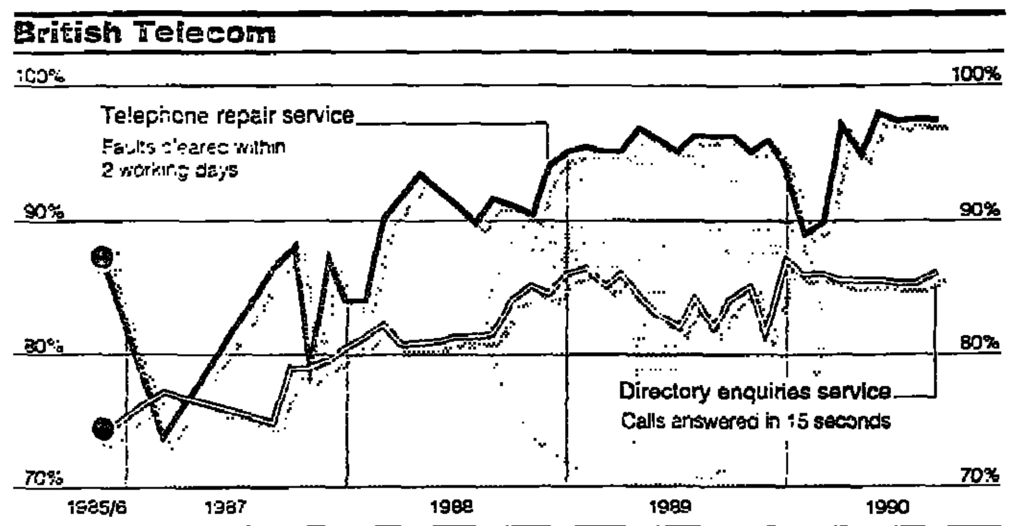
Meanwhile, there should also be a multiplication of consumer options for the long-distance or trunk calls. Mercury will continue to provide such services, but so might companies such as British Rail, which already has its own dedicated fibre-optic network, and British Aerospace which wants to provide satellite services linked to the public network. A number of the utility companies may also prove interested in supplying services.

Under the new proposals, BT would be obliged to provide "equal access" to other service providers. This allows customers to choose any telephone company for their long-distance calls even if they only have a BT line entering their home or office. All they need to do is dial a simple code before the normal telephone number. Mercury claims that consumers in Hull, where equal access already operates, make about half of their trunk calls through its network.

All this choice may well be rather bewildering for the average consumer. Even under the simple duopoly between BT and Mercury Communications in existence since 1983, consultants have sprung up offering advice on how to benefit from the duopoly's advantages.

The likelihood is that a raft of new telephone retailers will appear offering consultancy services to companies and households that realise they could take advantage of the multiplicity of choice made available through liberalisation, but are unsure how to do so.

These businesses will provide a point of contact between the consumer and the multiple operators, mixing and matching the offerings available to produce a package meeting the customer's needs. Mr Lilley has the model of the mobile communications industry in mind, where specialised companies "retailing" services to the customer have been in operation for the past five years.



Possible candidates to fulfil the new role of retailers include these mobile communications providers as well as cable television companies – which could run a retail service in tandem with their local networks – and new long-distance operators such as BR. But in theory, anyone would be able to apply for a licence.

Although consumers should have plenty of choice, it nevertheless remains far from clear whether they will initially benefit from falling prices.

In the local arena, small businesses or individuals may discover prices at best static and possibly increasing. The cost and time necessary to provide the necessary infrastructure may reduce immediate competitive pressures on BT. Indeed, local calls and lines may cost more in the short term because BT claims such services are subsidised by its trunk and international operations. It is allowed annually to increase line rental charges by 2 per cent above the retail price index. There is every sign that BT intends to take maximum advantage of this freedom.

In the international and trunk sectors, customers could enjoy falling prices since competition is likely to be more intense earlier. Mercury already has much of the necessary trunk infrastructure in place, as does British Rail. British Aerospace is also anxious to provide both international and trunk services. In the US, one of the most important effects of deregulation is that the cost of long-distance telephone calls has fallen in real terms by 40 per cent.

Large corporations could also benefit from BT's plans to offer discounts to high-volume customers.

The final question is how soon all these opportunities will be available to the customer. The answer is later rather than sooner.

The earliest licences are likely to be offered in the middle of 1991. For most consortia, the problems of putting finance and infrastructure in place may prevent them from unrolling their marketing efforts until the mid-1990s. Mr Lilley may have written his Social Contract, but the Revolution is still some way off.

**Competition and Choice: Telecommunications Policy for the 1990s. HMSO £8.80.*

New Germany's kick start

Has unity brought more violence? **David Goodhart** reports

An almost fatal attack on a leading politician, a wave of football hooliganism claiming at least one life, and now the worst riots in Berlin for years – Germany's first six weeks as a united country have been punctured by violence. Is all this merely an unfortunate coincidence or is Germany becoming a more violent country? If so, is unification to blame?

The squatters' riots in Berlin this week have hastened the end of the coalition city government between the Alternative List (a more radical version of the Green party) and the Social Democrats and have triggered action from sympathisers in other parts of the country.

But some of this violence has a long history and compared with most other western societies, post-war West Germany has been a very placid and safe place in which to live. The home-grown crime series on German TV have always struggled to look convincing.

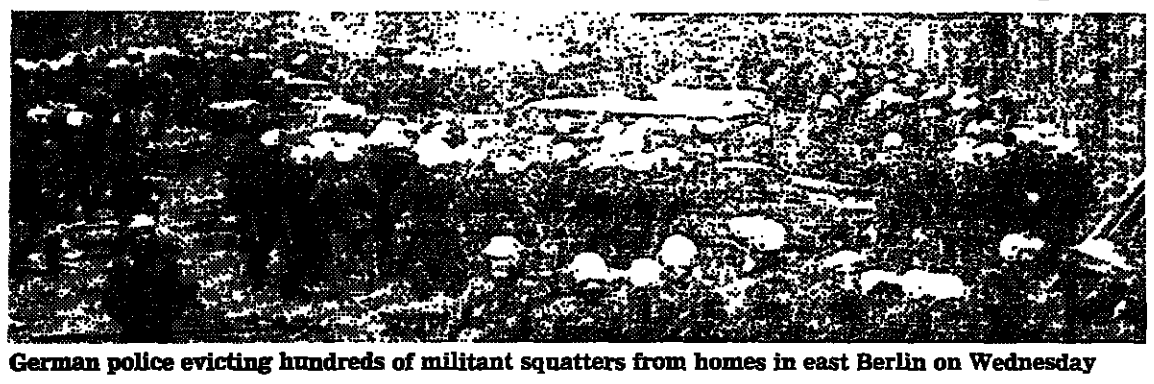
A strain of political violence has survived, however – witness the terrorism of the 1970s or the clashes over squatting in Hamburg and Berlin – while ordinary crime has actually declined in the 1980s after a slight rise in the 1970s.

Attempted or actual murder in West Germany fell from 3,044 cases in 1982 to 2,415 in 1989, rape from 6,900 in 1981 to 4,909 in 1989. Armed crime fell through the 1980s as did burglary, while robbery remained static. Only mugging increased. About 200 people were shot dead in West Germany in 1989 compared with 2,000 in New York alone, and recent attacks on politicians have had more to do with the legal difficulty of detaining the mentally disturbed in hospital than with a new wave of terrorist violence.

No reliable crime statistics were kept in the former East Germany. The communist leaders argued that crime could not, by definition, exist in a socialist state. And thanks to the East German state's close control of its citizens it was a relatively crime-free land.

But most observers now agree that the sudden falling away of this control combined with a collapse in the authority of the police has caused a rise in violence in the old East Germany. "It was a very repressive society with a high level of frustration and suppressed aggression," says Mr Christian Pfeiffer, a criminologist at Hanover University and member of the West German government's recent Commission on Violence.

"People who have had to repress their feelings for a long time often acquire rather authoritarian personalities. When they are freed they do not become liberals," adds Mr Pfeiffer. That may help explain



German police evicting hundreds of militant squatters from homes in east Berlin on Wednesday

the increase in right-wing radicalism and skinhead bands, boosted also by the sharp rise in east German unemployment and by a general loss of orientation.

Mr Heinz Galinski, leader of Germany's small Jewish community, complained this week about a sharp rise in anti-semitism in east Germany. Mr Peter Frisch, vice-president of the Federal Office for the Protection of the Constitution (the country's internal security watchdog), said that already east Germany has as many neo-Nazis as west Germany – about 30,000 – in spite of having one-quarter the population.

Skinhead bands have for months been launching attacks on foreigners and left-wing students and were also involved in football riots on November 3 in Leipzig.

The riots resulted in the cancellation of a west Germany versus east Germany friendly match that was to have been played in Leipzig on Wednesday.

Football violence has never been as big a problem in West Germany as in Britain, thanks in part to modern stadiums on the edge of large towns which have made crowd control easier. But the industrial towns of the Ruhr and southern towns like Munich have long had fighting bands who model themselves on British gangs.

According to a recent analysis in the magazine Der Spiegel rising violence is a Germany-wide problem and cannot be laid at the door of east Germany alone. It sees four main responsible groups: skinheads and right-wing extremists, ordinary football fans who enjoy a punch-up, young foreigners' (especially Turks) self-defence groups, and militant anarchists and leftists.

The latter two groups often join forces, for example during the anti-unity riot on October 3 in Berlin. But it is the first two groups that have more in common and, according to the Der Spiegel report, about 40 per cent of young German males now tend towards "authoritarian nationalist thinking".

Mr Pfeiffer says such figures are "nonsense". But he does concede that there has been an increase in violent crime among foreign youths in Berlin over the past five years. This he attributes to the refusal to offer automatic German citizenship to young Turks born in Germany. "They have no political leaders because they can't vote and no representatives in the police or legal profession because they are not German citizens," he says.

He maintains that the former west Germany is not becoming a more violent society – indeed, he says that thanks to a policy of sending fewer people to prison, it is becoming less violent – but the difficulties in integrating foreigners and now east Germany is generating some highly visible, often largely ritualised, street violence.

It is Berlin that is experiencing most of the new racial gang warfare and it is also Berlin that has provided the stage for the latest riots over squatting.

Such riots were routine events in West Berlin in the 1970s. The authorities were then in a weak moral position; in spite of a housing shortage and empty housing, especially in the Kreuzberg district, disputes between the city government, which wanted to renovate properties, and developers, who wanted to tear them down, meant that nothing was done.

The authorities eventually backed off and legalised the squats. Earlier this year squatters from the Kreuzberg "scene" saw the opportunity to extend their empire and moved into more than 100 properties in East Berlin. It seemed in the summer that a negotiated solution, as in West Berlin 10 years ago, was possible. But then talks broke down and when the police moved in to evict hard-core squatters from Mainzer Strasse they were greeted with Molotov cocktails and rocks.

This week's squatting riots may not indicate that Germany as a whole is once again becoming a violent society but it is a further blow to Berlin's campaign to lure the seat of government from Bonn.

LETTERS

High time to change the voting system

From Mr J. Kane.

Sir, Now Michael Heseltine has decided to challenge Mrs Thatcher, is it not time for the Conservative party to consider its position very seriously and in the light of Mr Baron and Mr McGarvey's comments (Letters, November 15)?

Whoever wins the Tories' leadership election and leads them into the next general election, there is a high possibility that they may face a disastrous election defeat. Would it not be better for them and the country to see the light and, with the agreement of MPs in other parties, to change the electoral system to the single transferable vote system advocated by the Electoral Reform Society? This would involve grouping constituencies into multi-member ones – an easy change to make.

The result would probably mean a centre-left coalition or, less likely, a centre-right one. Pragmatically, either should be preferable to the majority of conservatives in the country than a disastrous defeat. Douglas Hurd, who could well emerge as the next Conservative leader, has been listed for many years as a member of the National Committee for Electoral Reform. Is it not now time for him to help the country to get away from our present damaging "ya-boo" political situation, so that we can discuss our problems seriously.

J. Kane,
52 Tilehouse Road,
Guildford, Surrey

From Mr J. Toporowski.

Sir, Could it be that the domination of our political debates by cricketing metaphors is a way of keeping our European partners, competitors and opponents guessing about what is really happening in Britain? Thus they would be baffled in the negotiations over the hard Ecu, the royal prerogative and the mother of parliaments.

Or could it be that our politicians' arguments about who is batting/bowling and how merely reflect their parochialism, their inability to think in terms of political principles, their careerism, and the intellectual poverty of our political culture? In either case, it is worth recalling that the battle of Waterloo was won by the Prussians and not on the playing fields of Eton.

J. Toporowski,
South Bank Polytechnic,
103 Borough Road, SE1

Batting style

From Mr Roger F.H. Crabb.

Sir, Mrs Thatcher likened herself, in her Guildhall speech, to a determined cricketer. I would suggest that she displays precisely the same characteristics as Geoffrey Boycott. However, the England selectors only once made the mistake of allowing him to lead the side.

Roger F.H. Crabb,
Lismore,
4 Woodlands Drive,
Beaconsfield, Buckinghamshire

Lawyers and true Europeans

From Mr Scott Crosby.

Sir, The predominant impression created by Robert Rice's article ("Advantages of the Brussels connection," October 19) is that law firms are setting up offices in Brussels for one reason: creation or defence of profit.

He does not even hint at the possibility that some lawyers or firms might have set up in Brussels to contribute to the development of European Community law, or to help ensure that the Community being developed is one based on full respect for the rule of law.

Had he dealt with this point, he would possibly have looked at the firms which lawyers have set up in Brussels for this reason at their own risk over the years. These are the true European law firms. They were founded on faith in the European ideal, before it was popularised by slogans such as 1992. They have prospered without the support of headquarters in London or Washington.

Let it not be thought that Community law can only be practised and the needs of the client and the law served by large multinational law firms. In general such firms have not been the pioneers, but are new wave immigrants.

Scott Crosby,
Kemmler Rapp Böhlke & Crosby,
Rond-Point Schuman 9,
Brussels

The public and the unions

From Mr Norman Willis.

Sir, Your report ("Shift seen in public attitudes etc," November 15) on the British Social Attitudes Survey states that the government's trade union reforms have been well received. The only evidence offered for this, both in your report and in the survey, is that the number of people who believe that unions are too powerful has fallen from 54 per cent in 1985 to 40 per cent now.

Of course it is not in the interests of any organisation to be seen to be exercising excessive power but I do not think the public's response to this question justifies the assertion that the legislation has been well received. In the absence of any specific question on the legislation no conclusions can reasonably be drawn about the public's attitude towards it.

Norman Willis,
general secretary,
Trades Union Congress,
Congress House,
Great Russell Street, WC1

A place for Albania

From Mr R.A.K. Scallon.

Sir, The report ("Albania opens the door to reforms," November 7) paints a picture of painfully slow change.

However, if the experience of the rest of eastern Europe is anything to go by, President Ramiz Alia will find it difficult to make successful economic change – notably accepting foreign investment – without allowing political change to occur.

Albania has discussed membership with the World Bank and the International Monetary Fund (IMF). Would it not now be right for an invitation to be issued to Albania to participate in the European Bank for Reconstruction and Development?

Could not Albania take over all or part of the shareholding reserved for East Germany? East Germany, having been absorbed into the re-united Germany, would seem not to qualify as a recipient nation under the bank's charter.

The involvement of Albania would depend on the progress which that country made towards multi-party democracy and a free-market economy.

R.A.K. Scallon,
28 Grange Road, SW13

Case for a new Stansted runway

From Mr Douglas Robertson.

Sir, I wish to express strong support for the new policy statement by the Air Transport Users Committee ("New airport runway urged for south-east," November 15). After study of the need for a further runway in the south-east the AUC accepts that Stansted offers the best solution.

My consortium of local authorities has been campaigning for several years to persuade the government to review its 1985 airports policy and to look well into the next century. We are promised that a working party will shortly be established by the Department of Transport to review eight possible locations for a new runway, identified recently by the Civil Aviation Authority.

There are three major areas of interest which will need to be reviewed but which may often be in conflict. They are the views of the aviation industry, those of the users of airports and, of increasing importance now, the environmental implications.

For many years the aviation industry has made it abundantly clear that its interests are best served by further growth at Heathrow and Gatwick. There is, however, no doubt that the environmental impact of further development at those two airports will be enormous. Both airports are within that part of the region where there is a shortage of skilled labour, where roads and railways are already heavily over-used, and where there is no space for further housing and commercial development. Regional planning guidance from the Department of the Environment stresses the need for restraint in these areas but encourages new development to the east of London.

A second runway at Stansted would undoubtedly have an environmental impact but this consortium has always believed that it would be considerably less than at Heathrow or Gatwick. Of perhaps greater importance, Stansted can offer the aviation industry unlimited room to expand in a well planned and co-ordinated way. The AUC, having looked at the aviation and environmental issues, has clearly identified the opportunities at Stansted. I hope that they will be persuasive to both the government and the aviation industry so that Stansted can help this country maintain its dominant role in aviation.

Douglas Robertson,
chairman,
Airports Policy Consortium,
County Hall,
Kingston upon Thames, Surrey

Good business despite politics

From Mr Barry Harding.

Sir, It is encouraging that your editorial comment ("India on the brink of chaos," November 8) has generated a spirited correspondence.

The fears which it voiced are not too inconsistent with our own worst-case scenario. Certainly the over-emphasis on centralisation and the comparatively slow pace of economic liberalisation are aspects about which this association has expressed concern to the Indian authorities for some time.

But the most likely expectations are nothing like as gloomy as you predict for a number of reasons including the following:

- The underlying entrepreneurial flair of India, which continues to flourish despite red tape.
- The huge reservoir of relatively skilled and inexpensive manpower.
- The success of agricultural development, plus some luck with the weather, which has ensured that fears of famine are over and food is now available for export.
- Availability of a wide variety of minerals including coal, iron ore and bauxite.
- The amount of aid in the pipeline.
- The likelihood that India will shortly commit itself to an International Monetary Fund programme.

Confidence is evident in India in the currently buoyant stock market and in the UK in the number of British companies (more then 130) that have committed themselves to the Indian Engineering Trade Fair in Delhi next February. Many have done so because India's payment record is impeccable. As in many countries, good business continues to be done despite bad politics.

Barry Harding,
chief executive,
British and South Asian Trade Association,
Suffolk House,
George Street,
Croydon, Surrey

UK COMPANY NEWS

Brent Walker and banks halt current crisis

By Maggie Urry

BRENT WALKER yesterday announced that it had won the *agreement of its bankers to* changes in its banking arrangements, after a nearly *all-night final meeting*. The group, which operates pubs, betting shops and leisure developments, has been battling with debts totalling £1.4bn on the most conservative calculation. Its shares fell 2p to 89p yesterday.

However, yesterday's announcement does not end Brent Walker's talks with bankers. These will continue over the next three months and will consider "arrangements to provide financing for the group over the longer term." Bankers said yester*day's deal was sufficient* to resolve the group's current crisis but would not be enough in the longer term.

In return for agreeing a standstill on capital payments until the end of next year, bankers have extracted higher interest rates on their loans. Brent Walker yesterday warned that the deal "will result *in higher finance* charges for the group."

The group is likely to have to give up locked in low interest rates on some of its borrowings – it has £600m of debt *fixed at an average interest* rate of 9.7 per cent – but may make a capital profit by repaying these with new loans made at higher interest rates.

Details of the agreement will be sent to shareholders in a supplement to the listing particulars relating to a £103.3m convertible bond issue, made at the end of October.

That issue was approved by Brent Walker shareholders at a special meeting on Thursday morning. Following that the group and its bankers went into a lengthy meeting to finalise and sign the agreement. It was not until well into the early hours of yesterday morn*ing that the bankers' meeting* ended.

The bankers have agreed the standstill on capital repayments on the basis of working capital projections from Brent Walker, and an assumption that £50m can be raised through asset disposals by the end of 1991.

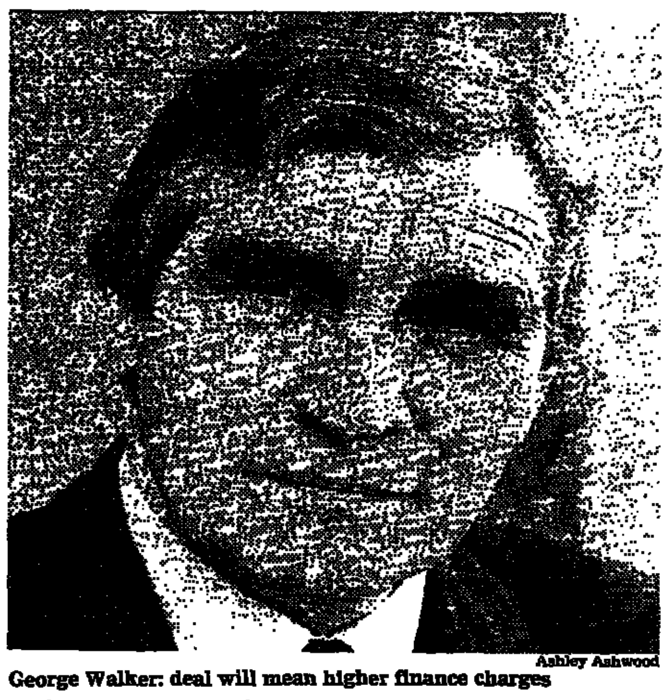
Mr George Walker, chairman *and chief executive of Brent* Walker, has repeatedly said that assets cannot be sold at a *full price given the state of the* market. He told shareholders on Thursday that a forced sale *of all the group's assets* would leave a deficit for shareholders.

However, Brent Walker may seek to raise the £50m through sales of casinos in London, its casino and banqueting suite at Southend, Essex, and its Westcliff Leisure Centre in Essex, one of Mr Walker's earliest developments, plus its Three Rivers Golf & Country Club in Essex.

The group may also be able to sell its half share in the Trocadero, the retail and *leisure* development at Piccadilly Circus in London, when it is completed next year.

Analysts have been cutting profit forecasts for the group, partly to reflect higher interest charges and also because the group's profits have been boosted in the past by property profits which are now harder to achieve. Forecasts for the current year have come down to around £70m to £75m pre*tax, against £82.2m in 1989 and* earlier 1990 forecasts of £90m or more.

See Lex



Ashley Ashwood

George Walker: deal will mean higher finance charges

Portsmouth Sunderland in line for acquisition

By Raymond Snoddy

PORTSMOUTH & Sunderland Newspapers is believed to be on the verge of a significant acquisition which would expand its local newspaper interests. Negotiations are at an advanced stage although an *announcement may not come* before the end of the year.

P&SN, which yesterday *announced pre-tax profits of* £3.11m (£3.02m) on a turnover of £43.33m (£40.17m) for the half year ended September 29, declined to say which newspaper group was the target.

For more than three years the publishing, printing and retailing company has been trying to buy local and regional newspapers but was unsuccessful because it was unwilling to pay the high prices involved.

In the midst of the advertising recession P&SN now believes it can make the sort *of acquisitions it has been* seeking.

The company said yesterday that despite adverse trading conditions in the south, group trading profit before interest and investment income rose by 7.1 per cent and pre-tax profit rose by 3.2 per cent.

Profits held up so well mainly because recession has not affected the north east of England as badly as the south so far.

"The outlook for the year is increasingly uncertain as it depends on the depth and spread of the economic recession and its impact on advertising revenue in the regional press," Portsmouth & Sunderland said.

Contract printing turnover was up 15 per cent, retailing 24.1 per cent but publishing fell by 1.6 per cent.

Guinness emerges as favourite to win bid for Spanish brewer

By Philip Rawstorne

GUINNESS, the UK-based drinks group, yesterday emerged as clear favourite to win the international bidding for Cruz del Campo, Spain's largest brewer.

The sale of the company, estimated to be worth some £540m, is expected to be announced next week.

Guinness refused to comment on the situation yesterday, but it is known to have been interested in the possible acquisition of Cruz del *Campo since the Spanish brewer came up for* sale, following a board decision to reject the buy-back of a 25 per cent stake held by the *troubled Stroh Brewery of the US*.

Early last month Guinness was reported to be discussing a possible joint acquisition of the brewer with Banesto, the Spanish bank and industrial holding company.

Other international brewers, including Heineken of the Netherlands, United Breweries of Denmark – the Carlsberg producer – as well as Interbrew of Belgium, have been among the bidders in the auction managed by Goldman Sachs, the US investment bank.

Spain is one of the fastest growing beer markets in Europe, helped in part by the huge tourist trade. Although local brands still predominate, foreign beer brands are being rapidly introduced.

Cruz del Campo, whose shareholders apart from Stroh, include Banco Hispano Americano, the *German Eufra Holding*, and various Spanish families active in the drinks sector, increased its market share last year from 19.5 per cent to 22 *per cent*.

Foreign brewers already hold stakes in most of its major competitors. Heineken owns 51 per cent of *El Aguila*, Spain's second largest brewer, BSN of France has a 33 per cent holding in Mahou, the number four, and Carlsberg has 61 per cent of the sixth largest, *Union* Cervecera.

Reuters gets A$132m tax bill

By Richard Gourlay

REUTERS, the international news agency, has been presented by the Australian tax office with an A$131.8m *(£52.1m) tax assessment*, but says the demand will be contested.

Reuters' counsel said the claim against the subsidiary, Reuters Investment (Australia), previously Australian Associated Press (AAP), was not justified and that it would be challenged in the federal court.

Last year Reuters paid £102m in tax worldwide but did not consider the contingent liability worth making a provision for in the accounts. Yesterday Reuters said it would still not make any provisions following the advice of its Australian counsel.

The assessment dates back to 1986 when AAP sold some Reuters *shares that it had held* since 1947, a transaction the Australian tax office considers should be subject to ordinary income tax. No capital gains tax applied at the time.

Since 1988 Reuters has bought 100 per cent of AAP, which owns and trades Reuters shares as its only business. It *is separate from AAP Information* Services which owns the news service.

The Australian case rests on the fact that AAP's only business was to trade Reuters shares, any profits on which should therefore be treated as taxable income.

It is understood that Reuters did not know that AAP had this *potential* tax *liability on* the deal when it bought the company.

Reuters *is likely* to argue that 3 or 4 years after the event the Australian tax authorities have no case and that in any case the profit would have been a capital gain and not liable for income tax.

Should Reuters lose the case it will treat the tax as an extraordinary item below the line. Reuters is objecting to the assessment and if this fails will seek an early court hearing next year.

Invesco in $21m US fund management bid

By Andrew Bolger

Invesco MIM, the investment management group which changed its name from Britannia Arrow in January, has conditionally agreed to acquire *Primco, a US asset* management company based in Louisville, Kentucky.

Primco provides fund management services in guaranteed income contracts for certain types of US pension plans. The initial consideration is *$21.1m (£10.7m)*.

Additional payments may be made up to a maximum of another $31.6m. A further performance-related payment of up $20m may be made in 1995.

Invesco MIM said the pro*posed acquisition provided it* with an opportunity to create a complete package of investment management services for US defined contribution pension plans.

Because certain directors of Invesco MIM have a financial interest in Primco, the acquisition is conditional on the approval of shareholders.

Invesco MIM also said market conditions in the second half of the year had continued to be turbulent and warned that its pre-tax profits in the six months to December 31 would not match the £15.1m *achieved in the first six* months of the year.

Acquisition policy hits Ferrari

By Alan Cane

FERRARI Holdings, the USM-quoted computing services company, found the consequences of its aggressive acquisition policy a heavy bur*den in the first six months of* the year leading to an attributable loss of £683,000.

Mr Peter Marshall, formerly deputy chief executive of Plessey who took over as chairman in August, said the main source of the losses had been *inefficiencies* and duplication resulting from the speed with which the group had been put together.

In the period from May 1989 to April 1990, the company bought Pericom, UCL, Commercial Cable and Blue Chip Systems for a total consideration of £9.42m.

Consequently, revenues for the first half of 1990 rose to £27.5m compared with £14.5m for the nine months to June 30, 1989. The operating profit was *£150,000, against* £765,000.

But that was dwarfed by interest charges of £540,000 and an extraordinary charge of £346,000 related to plant closures and other elements of restructuring.

The loss is equivalent to 2.5p per share. The company did not pay the preference dividend due on October 10.

Mr Marshall said profits were down because of lower margins in the very competitive computer hardware business and market conditions in other sectors, including property, which had affected the group's software revenues.

He did not *think* the group would make a profit in the full year but a reorganisation programme was being implemented, including the centralisation of maintenance operations and the closure of duplicate facilities.

The group's core maintenance and facilities management the balance sheet in good shape.

Embarrassment over Scott's valuations

By Richard Gourlay

THE Royal Institute of Chartered Surveyors has *admitted to acute embarrass*ment over the valuation of identical properties by two of its members that differ by 280 per cent.

The valuations concern the assets of Scott's, the restaurant chain, which Mr Isadore Kerman, its chairman, proposes should merge with BS group, the Bristol-based stadium and property group. *His proposal* faces strong opposition from some of BS's minority shareholders.

Baker Lorenz, chartered surveyors, place a value of £6.43m on Scott's, which runs Over*tons, Scotts, Sheekeys and* Drones restaurants in London. A valuation by de Morgan on behalf of *Abingdon Manage*ment, a private investment company representing 10 per cent of the BS shares, produced a value of £2.3m.

The RICS interviewed both firms of chartered surveyors and said yesterday that both *valuations were made on the* same basis.

"The difference is wholly attributable to differences in valuers opinion and that is greater than it should be," said Mr Adrian Brittan, the director of the RICS general practice division. "Differences do not happen very often. It obviously does not enhance the standing of the valuation art."

Mr Marc Gilbard, a qualified surveyor and analyst at stockbrokers County NatWest said it was very difficult to imagine how such a difference could emerge. "It shows the art of *valuation has become so sub*jective that it is virtually meaningless.", he said.

BS shareholders are *being* asked to approve the offer of four new BS shares for every Scott's share not already owned by BS. The offer is based on the higher valuation of the restaurants given by Baker Lorenz. If a lower valua*tion of the Scotts restaurants* was used, Scott's would receive fewer BS shares for their Scotts shares.

Correction

Buy-outs/ins chart

Data on the volume and value of management buy-outs and buy-ins which appeared in yesterday's Financial Times was supplied by Acquisitions Monthly, not Datastream as indicated on the chart.

Surrey £0.2m in the red and calls for £2.5m

By David Owen

Surrey Group, the licenced bookmaker which came to the USM last December, reported a £198,000 loss for the six months to *September 30*, and unveiled a five-for-nine rights issue to raise £2.5m.

The company blamed the loss, which compared with profits of £138,000, on poor trading in June and July and the accounting treatment of *ante-post bets*.

The group said this treatment resulted in a loss of approximately *£250,000* which "can be expected to reverse during the second half."

Turnover increased to £18.21m (£10.9m). Losses per share came through at 0.24p, against earnings of 0.27p and no interim dividend is declared.

The proceeds of the rights issue, which will be offered at 6p, will be used to reduce borrowings "thereby providing a base for future expansion." Borrowings currently amount to £5.8m against shareholders' *funds of £6.3m*.

"It is necessary at the moment to offer pretty good value *to* entice *the* institutions," said Mr Paddy Bolger, finance director.

Surrey's shares closed 2¼p down at 6½p.

Hotel mainly to blame as Wiggins incurs £13.5m

By Vanessa Houlder, Property Correspondent

WIGGINS GROUP yesterday announced a £13.5m loss for the year to March 31 and said it was passing its dividend.

The company's 350 bedroom hotel opposite Canary Wharf in the Docklands *made the larg*est contribution to the loss, which compares with a pre-tax profit of £7.1m *last* year. Wiggins made a loss of £6m when it sold the hotel for £17.75m to the privately-owned Brittania Group last week.

It also incurred a loss of £3.5m after refinancing its business suite development, *which is under construction at* South Quay Plaza in the Docklands. In addition, it wrote down £2.6m as a result of falling residential land values. It said it had decided to withdraw from Hampshire area, as a *result of the particularly* depressed nature of the market.

The company expects to remain in loss this year.It

The shares, which were suspended at 38p in March are expected to resume trading on *December* 11.

The loss per share was 76p, compared with earnings of 35.2p *last* year.

CE Heath pays £18m for B&C broking interests

By Richard Lapper

CE Heath, the insurance broking group, yesterday announced that it had acquired the UK retail and wholesale insurance business of British & Commonwealth Holdings' subsidiary, Abaco Investments.

Heath is to pay a maximum consideration equivalent to £18m in two instalments for the business which produced brokerage income of £14.2m last year. Heath will pay an *initial consideration of* £11.75m by *issuing* 2.84m new ordinary shares. The balance *is to be satisfied from existing* cash resources, bank borrowings or the proceeds from a further issue of shares.

● Approximately 10 parties are in the running to buy all or part of Exco, according to Mr Stephen Adamson of Ernst *& Young, joint administrator* of British & Commonwealth Holdings, the money broker's collapsed parent.

Owen & Robinson in loss

By Jane Fuller

OWEN & ROBINSON, the jewellery chain chaired by Mr Maurice Dwek of Seaforth Investments, made a loss of £1.28m in the six months to July 31, *against* pre-tax profits of £117,000 last time.

Sales advanced to £4.9m (£4.68m) in a half which traditionally only sees a third of sales because of Christmas.

The operating loss amounted to £583,000 (£428,000 profit). *Interest charges soared to* £701,000 (£311,000) and gearing reached 60 per cent.

Mr Tom Forsyth, finance director, said £6m of debt was related to the property portfolio and £3m to the retail businesses.

Nearly £800,000 had been spent on refurbishment and shop openings, said Mr Forsyth.

The Gold Centre chain would *have 37 shops by Christ*mas, compared with about 30 across the group a year ago. About eight shops had been closed.

The change of policy meant that the number of product lines had been reduced from *8,000 to as* little as 1,500, *con*centrating on 9 carat gold jewellery aimed at the lower, younger end of the market.

The loss per share was 11.57p compared with earnings of 0.33p. The interim dividend will be held at 0.15p.

Hartstone trebled

Hartstone Group, the acquisitive distributor of handbags, leather goods and hosiery, more than tripled pretax profits from £700,000 to £2.3m *in the six months to* September 30.

Turnover rose from from £5.6m to £25.4m and earnings per share more than doubled to 6.1p (2.5p). The interim dividend was lifted by 67 per cent to 1.25p (0.75p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Brit Invest Tst ....int	9.5	-	9	-	21.5
Clyde Blowers ....fin	7.07	-	6.32	7.9	7.15
Greyfriars Inv ....fin	4	-	-	6	-
Owen & Robinson ...int	*0.15*	*Jan 15*	*0.15*	-	*0.5*
P'mouth/S'land ....int	2.6	Dec 21	2.26	-	7.9
Wiggins Group ....fin	nil	-	6	nil	9
Wilshaw ....int	*0.1*	*Mar 31*	*0.1*	-	*0.35*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
155	F.P.	-	160	155	‡Brabant Resources £1	155		-	-	-	-
2	F.P.	-	4½	3	Finlan Group 1p	3		-	-	-	-
-	F.P.	-	22	20	‡MMI 1p	22		R1.0	2.4	6.1	8.5
†	F.P.	-	17	8	‡Paramount 2½p	9¼	+¼	-	-	-	-
†	F.P.	-	53	31	‡Pelican 20p	31	-2	-	-	-	-
§100	F.P.	-	96	79	Smaller Cos. Inv. Tst50p	79	-2	-	-	-	-
-	F.P.	-	23	19	Do. Warrants	20		-	-	-	-
225	F.P.	-	245	190	‡Standard Platform 10p	190	-2	-	-	-	-
†	F.P.	-	126	118	Unichem 10p	118	-5	R4.5	2.5	5.1	8.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	-	101	68	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	68	
‡	Nil	29/11	3pm	2pm	‡Brewmaker Cv. Rd. Prf. 70p	2pm	
100p	F.P.	28/9	102p	91p	Perkins Foods 8p (Net) Cv Rd Pf	96p	+3
100p	F.P.	-	121p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	119p	+2
100	F.P.	-	110½	101¼	*Tesco Capital 9pc Cnv. Cap. Bd 2005*	105½	
100p	F.P.	-	105p	45p	Wyndham Group 9.375pc Cm Pf	45p	-5

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
100	F.P.	10/12	110	100¼	Arcadian Intl.	100¼	
11	Nil	-	2pm	½pm	*Caskdon Group 5p*	1¼pm	
285	Nil	21/12	218pm	63pm	Eurotunnel Package	108pm	+33
280	Nil	-	24pm	19pm	Low (Wm)	19pm	
10	Nil	-	¼pm	¼pm	‡Propeller 1p	¼pm	
1	Nil	27/11	¼pm	½pm	‡Property Trust 1p	½pm	
100	Nil	-	26pm	18pm	Unichem 10p	18pm	-5
55	Nil	-	¾pm	½pm	Vivat Hldgs.	½pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. v Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ‡ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Nov. 12
- Last Dealings Nov. 23
- Last Declarations Feb. 21
- *For settlement March 4*

For rate indications see end of London Share Service

Calls in Berisford Intl., Erskine House, Eurotunnel units and warrants, Monument Oil & Gas, Pre*mier Cons. and Tuskar Res.* Puts in Aitken Hume, McCarthy & Stone and Next.

No wizardry behind Excalibur's upward thrust

Maggie Urry on the jewellery and engineering company run by the brothers Griffiths

MICHAEL GRIFFITHS, chairman of the acquisitive Excalibur Group, *is not shocked* when asked if he is a vulture. Indeed, his response is to say that he is "very hungry".

Last week the Birmingham-based group launched an £8.5m rights issue to give it the ready cash to pick up companies cheaply, perhaps from the receiver, in the forthcoming bleak period for the UK corporate sector.

Excalibur's chosen targets for acquisitions will be in its *two core areas of activity* – jewellery and giftware making and merchandising, and preci*sion engineering*.

Since February 1987 when Mr Griffiths and his brother Richard bought a *29.9* per cent stake in Excalibur from the family which ran it, the group has spent something over £20m on 23 acquisitions – some were solvent companies and some were the business and assets of companies in receivership.

Many of these were loss-making, and have been turned into profitable businesses, sometimes within months. Others brought good management with them which could be spread across other businesses.

Meanwhile Excalibur, itself a loss-maker for some years before the Griffiths brothers arrived, has reported rising profits.

With the rights it forecast an increase in half-year profits from £1.7m to £2m.

Cynics might wonder whether the profit improve*ment has come from judicious* use of acquisition and merger accounting techniques. A careful perusal of the group's accounts show no signs of artificial padding to profits. Anyway, Mr Griffiths argues that "sensible auditors" will not wear the use of such moves and that "analysts see through that now".

So how does he explain the group's success? "Nobody's got a magic wand," he says. Rather, he says that Excalibur has bought companies at low prices which have often had *bad management with poor* systems and then run them more efficiently, often consoli*dating* operations on one site, cutting overheads. "If you buy loss-makers and you've got good management, you can only go up," he reckons. He gives credit to his management team and says: "We are not superstars, we just work hard."

He recalls that when he moved into Excalibur in 1987 he found that the company had a 48,000 sq ft factory at its site at Park Lane, Birmingham.

This reflected the business' success in the 1950s when its expandable metal watch bracelets were market leaders. The factory had then housed 500 people, but by 1987 there were only 50 people "rattling around" among lots of unused machines.

Management accounting controls were weak, and its control of bullion was worse. "In the first month we vacuumed £40,000 worth of gold *off the* floors and walls," Mr Griffiths says.

Brothers in arms: Richard (left) and Michael Griffiths planning the continuing expansion of their two-pronged company

He had not planned to go into the jewellery business but once there, made two basic observations.

One was that the jewellery-making industry was highly fragmented and small companies were unable to finance large holdings of gold. Once the funding problem was solved – Excalibur *leases gold* – there was plenty of scope to build market share, so increasing batch *sizes* making investment in up-to-date machines worthwhile.

The second was that making jewellery was just like other metal-bashing industries and *engineering skills could* be brought to bear on jewellery production.

From these thoughts came the group's strategy. On the one hand, acquisitions of jewellery businesses would give the group market share and by consolidating businesses on fewer sites would cut costs. There are now five businesses in the Park Lane factory. "When we moved two businesses into Park Lane in March this year we shed £1.4m of overheads," Mr Griffiths remarks.

On the other hand, buying engineering businesses would give *some protection against* the seasonality and the consumer-dependence of jewellery *while bringing* production skills that could be transferred across. Thus the engineering business was started from scratch, through acquisitions.

This side of the group has latched on to the buoyant market in civil aircraft by supplying components to Rolls-Royce aero-engines.

The first acquisition was of Robson Precision Engineering, "a very good stand-alone business with good management", says Mr Griffiths. Particularly interesting to him was Robson's ability to make compo*nents for aero-engines to* extremely fine standards of accuracy – "that gave us the skills for jewellery making," he says.

Production engineers from the engineering division are now working on the jewellery side. Making tools for either the engineering or jewellery activities is a similar process. The latest acquisition to join the group, Price & Orphin, a Welsh engineering company, makes prototypes which are "the very things we need to make jewellery".

Mr Griffiths says that "there are a lot of benefits still to come" from the combination of the two activities.

The engineering side is benefiting from customers, such as Ford, *Massey Ferguson and* Rolls-Royce, deciding to stop making components in-house.

About *half the engineering* division's turnover comes from supplying Rolls-Royce – Mr *Griffiths is relaxed about this* while the civil aircraft market continues to be strong. Further, he is proud that Excalibur is now Rolls-Royce's only UK supplier of a vital component to its engines, pointing out that quality control is important given the effect of a component failing at 30,000 ft.

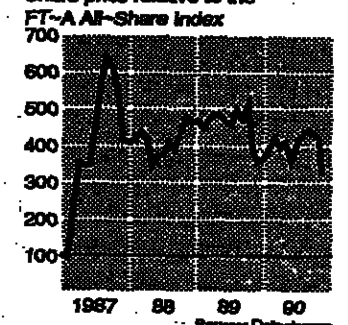
When a company has made so many acquisitions, it is worth wondering whether there is any underlying organic growth. Mr Griffiths argues: "There is a lot of organic profit growth to come, we do not need to do acquisitions." He points out that until the purchase of Price & Orphin announced with the rights issue, the group had only made one acquisition since July last year.

However, he is also clearly unable to resist the prospect of picking up more businesses cheaply and he says that, although the rights issue will be *dilutive* in the current year, the money can be put to good use and boost earnings further *in the future*.

He must also consider longer-term expansions. He *admits*: "We are a bit frustrated. We could grind away buying small businesses, but we have got a heavyweight management team we could inject into something bigger."

Excalibur

Share price relative to the FT-A All-Share Index



ECONOMIC DIARY

TODAY Mr George Bush, US president, visits Czechoslovakia. Annual ministerial and summit meeting of east, central and southern Africa Preferential Trade Area in Mbabane.

TOMORROW: National Savings results (October). Mr Bush meets Mr Helmut Kohl, German Chancellor, in Ramstein. He arrives in Paris later the same day for two-day CSCE conference before departing for Egypt and Saudi Arabia on November 20. The Association for South Asian Regional Co-operation meets in the Maldives.

MONDAY: Manufacturers' and distributors' stocks (third quarter-provisional). Gross domestic product (output-based) (third quarter-preliminary). The economic and financial council of the European Community holds a meeting in Brussels. The European Parliament in plenary session in Strasbourg (until November 23). CSCE summit meeting in Paris. The Antarctic Treaty countries hold environmental protection meeting in Santiago.

TUESDAY: Finished steel consumption and stock changes (third quarter-provisional). London and Scottish banks monthly statement (October). Provisional estimates of monetary aggregates (October). US housing starts (October). Result of Conservative Party leadership contest.

WEDNESDAY: New construction orders (September-provisional). US import and export price indexes. Mr Bush visits the Gulf. Balkan tourism ministers meet in Sarajevo (until November 23). Striking price in electricity distribution companies privatisation offer to be announced.

THURSDAY: New Earnings Survey 1990, Part E: analyses by regions and by age group. Balance of payments current account and overseas trade figures (October). German parliament meets to discuss outcome of CSCE meeting in Berlin. British Gas interim results

FRIDAY: Building societies monthly figures (October). Engineering sales and orders at current and constant prices (September). Deadline for completion of GATT Uruguay Round documents for agreement at December meeting.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday November 16 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Nov 15 Index No.	Wed Nov 14 Index No.	Tue Nov 13 Index No.	Year ago (approx) Index No.	1990 High	1990 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (195)	691.95	+0.4	15.49	6.90	7.89	33.01	689.47	685.05	687.42	874.07	960.80 4/1	658.43 24/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (26)	926.43	+1.5	15.70	6.60	7.83	40.76	912.79	904.56	911.72	1053.78	1188.21 3/1	812.99 20/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1116.77	.....	16.86	7.17	7.70	58.72	1116.62	1111.88	1111.44	1396.06	1621.44 4/1	993.11 24/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	1821.06	+0.9	15.40	7.40	7.94	99.22	1804.91	1799.03	1807.88	2495.50	2751.15 4/1	1762.48 2/11	3040.90 8/9/89	84.71 25/6/62
5	Electronics (26)	1583.08	-0.1	10.51	5.43	13.03	58.75	1584.95	1574.89	1583.53	1923.66	2044.72 9/1	1486.79 24/9	2308.22 15/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	399.58	+0.8	16.78	6.10	7.14	17.27	396.35	390.22	389.30	0.00	502.42 13/6	387.22 8/11	502.42 13/6/90	367.22 8/11/90
7	Engineering-General (47)	347.71	-0.2	16.68	7.43	7.22	17.45	348.26	347.04	348.29	0.00	505.10 15/6	344.45 8/11	505.10 15/6/90	344.45 8/11/90
8	Metals and Metal Forming (8)	392.91	-0.2	23.60	8.69	5.21	17.97	393.66	395.44	394.33	460.17	515.57 4/1	384.09 24/9	596.67 6/10/87	49.65 6/1/75
9	Motors (13)	276.37	+1.7	18.07	8.70	6.45	17.45	271.74	268.74	272.08	356.62	403.90 4/1	260.41 24/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1141.50	-0.3	14.78	7.14	7.82	60.96	1144.84	1138.19	1139.11	1613.27	1774.64 3/1	1103.89 1/11	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (177)	1182.27	+0.3	10.31	4.34	12.01	33.03	1178.68	1173.49	1178.41	1252.74	1357.03 3/1	1121.42 24/9	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1505.09	+0.8	10.39	3.93	11.66	33.62	1493.49	1473.49	1478.01	1401.98	1650.55 20/7	1369.31 6/3	1650.55 20/7/90	69.47 13/12/74
25	Food Manufacturing (19)	996.36	+0.3	11.74	4.94	10.50	28.13	993.47	988.06	992.67	1102.85	1184.41 3/1	959.38 24/9	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2213.69	.....	9.85	3.35	13.26	52.68	2214.35	2211.85	2226.79	2300.03	2617.14 27/7	2188.04 30/4	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (18)	2366.33	-0.3	7.51	3.20	15.78	50.32	2372.95	2399.80	2404.68	2520.93	2795.49 4/1	2166.10 24/8	2795.49 4/1/90	175.38 28/5/80
29	Leisure (31)	1212.60	+0.8	12.57	5.48	9.67	44.58	1202.53	1186.98	1190.89	1588.91	1717.22 9/1	1117.43 24/9	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	478.88	.....	13.44	7.27	9.14	23.79	478.86	478.88	478.37	530.85	625.01 17/7	470.91 28/9	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (13)	2864.97	-0.3	12.33	6.55	10.18	137.99	2872.18	2848.74	2855.76	3614.66	3853.61 4/1	2764.16 28/9	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	799.69	+0.7	10.69	4.55	12.15	23.86	794.47	784.87	790.85	766.56	866.32 13/6	690.43 27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (12)	415.92	+1.4	14.35	8.53	8.83	25.55	410.33	409.04	413.24	507.36	554.37 4/1	388.59 24/9	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (107)	955.95	+0.4	13.06	6.01	9.29	32.20	952.30	944.07	948.15	1122.77	1233.52 3/1	932.53 24/9	1233.52 3/1/90	58.63 6/1/75
41	Agencies (15)	948.66	-1.0	11.23	3.55	10.77	22.70	958.38	962.39	940.33	1494.85	1757.73 15/6	898.48 31/10	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (24)	1001.92	+0.6	13.36	6.71	8.82	46.81	996.22	1003.69	1015.09	1176.92	1335.87 14/6	940.57 24/9	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1225.89	+0.8	13.87	8.17	8.66	38.53	1215.74	1208.29	1204.42	1615.09	1722.31 14/6	1200.88 12/11	1819.46 11/8/89	975.19 10/11/87
44	Transport (15)	1762.47	+1.0	14.36	5.73	8.65	67.29	1745.47	1736.14	1767.20	2133.17	2458.00 4/1	1736.14 14/11	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (3)	1099.96	+0.5	12.08	4.55	10.78	26.09	1094.79	1070.30	1073.90	1112.91	1290.72 3/1	1017.41 26/9	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	1973.13	+0.4	14.70	6.86	7.71	68.12	1964.69	1949.16	1969.14	0.00	2079.08 16/2	1820.20 1/5	2079.08 16/2/90	1820.20 1/5/90
48	Miscellaneous (26)	1487.54	-0.4	12.58	6.07	9.24	62.06	1493.42	1478.06	1485.82	1862.33	1981.35 3/1	1445.37 24/9	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (479)	992.86	+0.3	12.28	5.41	9.98	33.79	989.49	983.41	987.42	1131.74	1234.94 3/1	950.55 24/9	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (21)	2229.25	-0.5	10.03	5.64	13.02	85.44	2239.52	2243.05	2271.43	2175.12	2528.70 3/8	2111.34 30/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1094.42	+0.2	11.94	5.44	10.35	37.98	1092.05	1086.64	1092.52	1219.39	1338.65 3/1	1068.52 28/9	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (102)	697.75	+1.2	-	6.84	-	33.16	689.77	679.77	683.38	784.79	869.67 3/1	621.68 24/9	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	739.80	+1.7	22.11	7.79	5.92	42.00	727.23	715.48	721.86	819.61	918.30 2/2	650.43 24/9	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1286.94	+0.8	-	5.97	-	55.82	1276.77	1261.37	1271.60	1290.09	1519.19 29/6	1220.17 1/5	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	603.61	+0.8	-	7.08	-	32.08	598.99	579.05	584.28	647.41	763.09 2/1	526.46 24/9	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	961.04	+2.7	7.93	6.69	16.51	41.94	935.93	918.46	913.17	1081.13	1194.74 4/1	757.70 24/9	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	335.02	+0.2	5.80	6.11	22.98	12.75	334.47	334.41	339.58	427.22	502.02 8/2	319.38 24/9	547.59 12/10/87	31.21 7/1/75
69	Property (44)	947.41	+0.7	7.82	5.16	16.90	27.11	941.23	942.58	936.11	1166.85	1242.53 4/1	834.72 24/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (21)	243.71	+0.3	11.60	7.40	11.07	12.21	243.06	242.09	242.85	322.99	350.59 4/1	233.78 1/10	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	989.79	+0.1	-	4.06	-	27.18	988.37	992.24	996.55	1211.17	1323.81 4/1	954.21 28/9	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1110.91	+3.3	12.87	8.32	9.25	69.98	1075.03	1074.57	1073.74	1385.95	1614.04 3/1	1036.92 2/11	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (677)	996.49	+0.4	-	5.62	-	36.43	992.83	986.82	992.08	1115.15	1226.83 3/1	962.09 24/9	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 15	Nov 14	Nov 13	Nov 12	Nov 9	Year ago				
	FT-SE 100 SHARE INDEX‡	2068.0	+8.0	2072.7	2054.4	2060.0	2046.0	2056.0	2051.9	2040.6	2221.4	2463.7 3/1	1990.2 28/9	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 16	Day's change %	Thu Nov 15	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	119.10	+0.23	118.82	-	10.71
2	5-15 years	124.14	+0.43	123.61	-	11.95
3	Over 15 years	124.16	+0.57	123.45	-	10.78
4	Irredeemables	139.23	+0.43	138.63	-	13.46
5	All stocks	124.30	+0.38	123.84	-	11.55
	Index-Linked					
6	Up to 5 years	157.07	+0.01	157.05	-	3.04
7	Over 5 years	142.66	+0.22	142.35	-	3.45
8	All stocks	143.63	+0.21	143.34	-	3.42
9	Debentures & Loans	101.96	-0.01	101.97	-	9.69
10	Preference	73.39	-0.08	73.45	-	5.84

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 16	Thu Nov 15	Year ago (approx.)	1990 High	1990 Low
	British Government						
1	Low	5 years	10.25	10.27	10.05	12.36 2/5	10.16 2/1
2	Coupons	15 years	10.73	10.80	9.78	11.94 30/4	9.58 2/1
3		25 years	10.78	10.85	9.71	11.85 30/4	9.52 2/1
4	Medium	5 years	11.31	11.39	11.20	13.58 2/5	11.03 2/1
5	Coupons	15 years	11.22	11.28	10.17	12.45 27/4	9.97 2/1
6		25 years	11.15	11.20	9.82	11.98 27/4	9.65 2/1
7	High	5 years	11.43	11.51	11.32	13.67 2/5	11.17 2/1
8	Coupons	15 years	11.43	11.48	10.38	12.76 27/4	10.17 2/1
9		25 years	11.42	11.45	9.96	12.27 27/4	9.78 2/1
10	Irredeemables†		10.98	11.02	9.78	11.83 30/4	9.66 4/1
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.90	3.68	3.67	5.48 20/7	3.46 5/10
12	Inflation rate 5%	Over 5 yrs.	4.24	4.22	3.66	4.43 17/10	3.60 4/1
13	Inflation rate 10%	Up to 5 yrs.	2.57	2.53	2.76	4.37 9/7	2.32 5/10
14	Inflation rate 10%	Over 5 yrs.	4.04	4.05	3.47	4.23 17/10	3.43 4/1
15	Debs &	5 years	13.36	13.38	12.59	16.70 30/4	13.01 15/1
16	Loans	15 years	12.87	12.87	12.01	14.48 26/4	12.27 12/1
17		25 years	12.51	12.50	12.01	13.89 4/5	11.99 2/1
18	Preference†		12.93	12.91	10.73	13.13 5/10	10.87 2/1

‡Opening index 2055.7; 9 am 2061.6; 10 am 2067.1; 11 am 2066.0; Noon 2063.2; 1 pm 2061.8; 2 pm 2064.9; 2.30 pm 2071.6; 3 pm 2071.6; 4.10 pm 2068.2; (a) 2.36pm (b) 8.40am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.
NAME CHANGE: MB Group (43) has changed to MB Caradon. CONSTITUENT CHANGES: DELETIONS: Mount Charlotte Investments (29), International Business Communications (32), London & Metropolitan (69). ADDITIONS: The Mersey Docks & Harbour Co (44), Unichem (27).

LONDON TRADED OPTIONS

EQUITY futures led the stock market higher yesterday as the UK inflation figures came in as expected and sterling was steady. However, turnover remained low, particularly in the traded options market, on nervousness ahead of the Conservative party leadership election next week.

The December FT-SE 100 index began weaker following a decline on Wall Street. As the session progressed the futures market encountered little resistance as it moved into positive territory and began pulling the stock market higher.

A rally by US Treasury bonds led to hopes that US equities would rally. But in the event, Wall Street turned easier and the London market moved off its highs.

Nevertheless, the futures market retained a strong premium over the cash market, indicating that the concerns over the Conservative party leadership election have not dampened hopes for a further move up by UK equities.

The December contract finished at 2,107, up 13 points on the day. Its premium over the cash index ended at 39 points, against 37 at the previous close, and brokers' fair value estimate of 23.

With the start of a new stock exchange account next week, fair value will fall to around 12 points to reflect the cheaper cost of carry as the December futures contract nears the end of its life.

The traded options market had another quiet session, although there was a pick-up of activity in Euro FT-SE. A total of 25,729 options contracts changed hands, little changed on the day, with calls accounting for 60 per cent of the business.

The Euro FT-SE was the most active contract, trading 6,885 lots, which was evenly divided between calls and puts. The FT-SE contract traded 6,078 and was weighted towards calls. Trusthouse Forte and Racal were the most active stock options.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons	460	32	50	56	15	20	26
(*471)	500	13	31	36	37	40	46
	550	4½	15	-	80	80	-
ASDA	110	21	24	-	2	5	-
(*126)	120	14	18	23	5	8	10
	130	8	13	17	9½	13	15
Brit. Airways	130	14	20	21	5	9	12
(*140)	140	9	13	15	9	16	19
	160	4	8	10	28	30	31
SmKl Beecham A	500	92	107	117	3	8	13
(*579)	550	47	68	84	12	19	26
	600	20	40	53	36	42	48
Boots	280	51	65	69	2½	4½	6½
(*329)	300	34	48	54	5	9	13
	330	14	27	35	16	19	24
B P	300	32	40	50	4	10	12
(*325)	330	14	22	31	17	22	25
	360	5	12	19	41	43	44
British Steel	110	11	18	19	3	4½	8
(*119)	120	5	9½	12	9	9½	13
	130	3	6	8½	16	16½	19
Bass	950	83	113	132	19	28	40
(*1012)	1000	45	83	105	40	50	58
	1050	25	57	77	72	83	88
C & Wire	390	51	69	80	7	15	19
(*427)	420	32	50	62	19	28	31
	460	14	32	40	43	48	53
Courtaulds	280	40	52	55	4	7	11
(*312)	300	24	37	42	9	13	17
	330	9½	22	26	25	28	35
Com Union	420	63	73	78	4	13	16
(*468)	460	33	46	55	14	28	31
	500	14	25	37	37	50	50
GKN	280	30	37	42	8	16	20
(*298)	300	20	24	32	15	25	28
	330	6	14	20	34	46	50
Grand Met.	500	93	97	110	4½	9	13
(*577)	550	52	63	80	12	25	30
	600	22	36	50	37	48	53
I C I	800	89	104	115	11	32	37
(*857)	850	54	72	87	28	55	60
	900	27	47	62	57	87	90
Kingfisher	330	61	79	-	3	6	-
(*380)	360	39	55	60	10	14	18
	390	19	38	40	21	26	32
Ladbroke	240	42	53	57	3	5½	9
(*274)	260	27	40	43	7	11	15
	280	14	27	32	16	20	24
Land Secur	460	72	87	97	3½	6	11
(*523)	500	43	58	66	11	15	23
	550	14	32	39	37	42	47
M & S	200	41	49	-	1½	3½	-
(*234)	220	24	34	37	4	7	10
	240	11	21	25	13	16	19
STC	280	40	41	40	2	3	3
(*315)	300	22½	23	24½	4	5	7
	330	3	3½	4½	21	22	24
Sainsbury	260	45	-	-	2	-	-
(*298)	280	28	40	44	5	9	11
	300	15	27	33	13	17	19
Shell Trans.	420	35	40	52	10	18	19
(*434)	460	13	20	25	30	42	42
	500	5	11	18	67	68	68
Storehouse	110	19	22	-	3	4½	-
(*125)	120	10	15	19	6	7	10

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Trafalgar	140	27	36	38	8	14	18
(*156)	160	16	20	25	19	25	31
Utd Biscuits	300	33	40	46	5½	12	15
(*320)	330	14	20	30	19	26	29
Unilever	600	60	80	89	14	22	29
(*640)	650	31	50	61	35	43	50
Ultramar	300	43	52	60	6	9	12
(*332)	330	21	33	42	14	18	23
Option		**Feb**	**May**	**Aug**	**Feb**	**May**	**Aug**
Brit Aero	500	59	70	85	16	24	30
(*529)	550	32	42	58	33	47	52
BAA	360	35	52	60	15	20	25
(*374)	390	20	33	45	30	35	38
BAT Inds	550	50	67	80	17	28	37
(*564)	600	24	40	55	45	57	63
BTR	280	33	35	45	8	16	18
(*293)	300	18	24	33	18	25	27
Brit. Telecom	260	23	33	38	9½	13	16
(*270)	280	12	21	25	21	23	26
Cadbury Sch	300	37	42	51	8	14	16
(*319)	330	17	26	34	21	27	31
Guinness	700	70	87	107	18	28	33
(*731)	750	42	60	77	40	48	56
GEC	180	15	22	26	9	11	13½
(*184)	200	5½	12	16	19	22	23½
Hanson	180	10	17	21	10	11½	14
(*184)	200	3½	9	11½	24½	25	28
LASMO	390	47	60	70	13	17	20
(*412)	420	28	40	55	23	28	33
Lucas Inds	120	16	21	25	7	11	12
(*127)	130	11	14	19	11	16	17
P. & O	460	57	65	74	17	30	33
(*483)	500	37	42	54	37	50	55
Pilkington	140	15	20	21	7½	9½	13
(*144)	160	6	10	10½	21	23	25
Polly Peck	180	¼	1¼	½	76¾	175	-
(*1½)	200	½	1	2¾	96½	95¼	96½
Prudential	200	20	22	28	7	11	14
(*206)	220	9	13	18	17	22	25
Racal	180	21	28	35	10	15	17
(*186)	200	11	19	22	22	26	29
R.T.Z.	390	50	55	65	13	23	25
(*414)	420	31	40	50	25	37	40
Scot. & New	360	35	50	55	15	20	23
(*376)	390	17	33	38	29	33	35
Tesco	220	17	23	30	8	11	15
(*222)	240	8	12	20	22	25	26
Thames Water	230	20	-	-	9	-	-
(*239)	240	13	21	24	15	18	22
Water Hldg Pkg	2250	130	-	-	100	-	-
(*£2285)	2300	100	-	-	150	-	-
Option		**Jan**			**Jan**		
Ferranti	20	2	-	-	6	-	-
(*16)	25	¼	-	-	10	-	-
Option		**Dec**	**Feb**	**Apr**	**Dec**	**Feb**	**Apr**
Fisons	360	20	34	41	9	15	18
(*373)	390	5½	18	26	26	31	33
Option		**Dec**	**Mar**	**Jun**	**Dec**	**Mar**	**Jun**
Abbey Nat.	200	19	30	33	2	6	8
(*217)	220	7	16	21	8	16	16

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Amstrad	60	7½	12	13½	2½	5½	8
(*64)	70	2½	6	8½	8	11	12
Barclays	357	17	-	-	14	-	-
(*357)	360	-	33	38	-	23	30
Blue Circle	200	13	24	28	7	13	19
(*204)	220	4½	14	18	19	24	23
British Gas	200	21	26	33	1½	5	8
(*216)	220	6	14	20	7½	12	14
Dixons	140	10	15	21	6	9	13
(*144)	160	3	7	13	19	22	24
Glaxo	750	51	87	107	11	25	35
(*779)	800	22	57	78	33	45	54
Hawker Sidd.	390	37	55	63	11	17	25
(*416)	420	17	37	43	20	27	40
Hillsdown	240	20	31	39	5	9	13
(*255)	260	8	20	27	14	18	22
Lonrho	180	19½	25	28	3	10	13
(*195)	200	6	13	18	10	22	23
Midland Bk	180	16	26	32	6	15	22
(*190)	200	9	18	23	16	26	32
Reuters	600	65	98	115	20	48	60
(*643)	650	35	70	93	37	70	80
R Royce	140	24	29	31	2½	5	7
(*160)	160	9	17	21	7½	12	14
Sears	80	7	11	14	3	6	7½
(*82)	90	3	7	9	10	12	13
THF	240	33	44	47	2½	6	9
(*265)	260	15	28	31	5½	12	18
Thorn EMI	600	36	58	74	16	27	28
(*619)	650	10	33	44	50	55	60
TSB	130	7	10	15	4	7½	11
(*133)	140	3½	6½	10	12	14	18
Vaal Reefs	60	10	13	17	3	7	10
(*65)	70	4	7½	12	10	13	15
Wellcome	390	10	26	35	32	35	40
(*368)	420	4	15	25	58	62	64

EURO FT-SE INDEX (*2068)

	1975	2025	2075	2125	2175	2225	2275	2325
CALLS								
Nov	124	80	45	20	8	3	-	1
Dec	158	116	87	60	40	26	16	10
Jan	-	147	-	89	-	50	-	27
Mar	-	180	-	125	-	80	-	45
Jun	-	233	-	170	-	125	-	87
Sep	-	270	-	215	-	130	-	100
PUTS								
Nov	8	17	31	58	94	138	-	234
Dec	27	35	53	79	108	143	183	225
Jan	-	50	-	91	-	150	-	223
Mar	-	77	-	113	-	170	-	233
Jun	-	85	-	120	-	170	-	230
Sep	-	96	-	130	-	170	-	225

FT-SE INDEX (*2068)

	1950	2000	2050	2100	2150	2200	2250	2300
CALLS								
Nov	145	98	58	29	13	5	2	1
Dec	182	141	104	74	51	33	22	12
Jan	202	163	130	100	75	57	41	30
Feb	222	183	150	123	93	75	57	43
Jun †	-	243	-	185	-	133	-	96
PUTS								
Nov	7	12	23	45	82	133	183	233
Dec	23	32	46	68	100	143	183	233
Jan	35	47	65	88	115	152	190	234
Feb	45	60	77	100	127	162	198	239
Jun †	-	85	-	123	-	180	-	250

÷ Premiums shown for closing business only.
November 16 Total Contracts 25,215
Calls 15,311 Puts 9,904
FT-SE Index Calls 3,526 Puts 2,552
Euro FT-SE Calls 3,406 Puts 3,479
*Underlying security price. † Long dated expiry mths

Matsushita Electric ahead 20% in quarter

By **Ian Rodger** in Tokyo

CONSOLIDATED net income of Matsushita Electric Industrial, the big Japanese electronics group which is contemplating a bid for the US cinema house MCA, rose 20 per cent to Y68.7bn ($536m) in the three months to September 30. Consolidated pre-tax profit in the group's second quarter was up 15 per cent to Y154.5bn on sales up 12 per cent to Y1,670.8bn.

The group said investment and consumer spending remained strong in Japan, and overseas market conditions were good. However, it felt "the unsettling effects of rising interest rates in Japan, higher oil prices resulting from the Middle East crisis and signs of economic downturn in the US as the first half drew to a close".

For the six months to September, consolidated net income advanced 16 per cent to Y127bn while pre-tax profit rose 8 per cent to Y280.1bn on sales ahead 12 per cent to Y3,247.1bn. Video equipment sales in the first half were up 8 per cent to Y835.4bn, helped by new camcorder models. Audio equipment sales jumped 15 per cent to Y291.2bn led by compact portable cassette players while demand for washing machines and vacuum cleaners boosted home appliance sales 13 per cent to Y466.4bn.

Rapid growth in orders for telephones, printers, mobile telecommunications systems and factory automation equipment contributed to an 18 per cent rise in sales of communications and industrial equipment to Y762.2bn.

Parent company performance was less buoyant than the group as a whole, reflecting the rapid transfer of production overseas. Parent only pre-tax profit rose 3 per cent to Y133.3bn on sales up 8 per cent to Y2,254.9bn.

The directors have revised forecasts for the full year on the expectation that domestic growth will remain strong. They forecast consolidated net income will rise 10 per cent in the full year to Y258bn. Parent company pre-tax profit is expected to rise 3 per cent to Y274bn.

● Nintendo, the Japanese video games group, has posted pre-tax profits of Y66bn for the six months to September 30 on sales of Y231bn.

In the previous irregular seven month period, the company reported sales of Y231bn and pre-tax profits of Y55.2bn.

The company said sales were brisk, with Game Boy hardware particularly popular. Next week, it plans to launch a Super Family Computer for which it claims orders of 1.5m.

Fuji Heavy in shake-up as losses reach Y50bn

By **Stefan Wagstyl** in Tokyo

FUJI Heavy Industries, the troubled Japanese carmaker, yesterday posted an interim pre-tax loss of Y49.8bn ($386m), passed its dividend, and unveiled a long-awaited restructuring plan.

The rescue programme is designed to try to bring the company back into the black by the 1992-93 financial year. It calls for the development of new models, including minicars, boosting distribution, particularly in the US, and increased co-operation with Nissan Motor, the Japanese auto group which leads the industrial grouping to which Fuji belongs.

Fuji plans to sell about 420,000 to 450,000 cars a year in Japan, against around 370,000 this year, and 150,000 in the US, up from 120,000.

The company intends to share with Nissan development costs and parts purchases and also to make cars under contract for Nissan.

The plan is being orchestrated by Mr Isamu Kawai, a former Nissan executive who was installed as president of Fuji earlier this year by Nissan and Fuji's main bank, Industrial Bank of Japan.

Fuji has long found it difficult to keep pace with Japan's top carmakers.

Its condition worsened last year when a downturn in domestic sales of mini-cars, its mainstay in the home market, coincided with a slump in sales in the US, where Fuji operates under the Subaru badge.

In the year to last March the parent company posted a Y29.6bn operating loss, which was transformed into a pre-tax profit of Y6.6bn through asset sales.

In the six months to the end of September, as Fuji disclosed yesterday, the operating loss expanded to Y43.4bn.

However, instead of profits on the non-operating account, this time Fuji suffered losses leading to the pre-tax loss of Y49.8bn.

Sales totalled Y367bn, 10.6 per cent higher than in the same period last year. An increase in domestic sales of 22.3 per cent, caused by an upturn in the mini-car market, was offset by a further decline in exports of 15.2 per cent due to the decline in US car sales. The company suffered losses trying to reduce its inventory in the US.

Fuji expects an improvement in the second half due to continuing growth in mini-car sales. It forecasts a Y15bn pre-tax loss in the period, or Y64.8bn for the year as a whole.

Volkswagen falls 23% pre-tax

By **Andrew Fisher** in Frankfurt

PRE-TAX profits of Volkswagen fell by 23 per cent in the first nine months of this year to DM1.7bn ($1.1bn), though a lower tax bill left earnings slightly higher. The German carmaker also warned about economic weakness in some of its foreign markets.

VW's concern about trends abroad and the strength of the D-Mark were expressed the day after Daimler-Benz said it was worried about the possible effect of the lower dollar on German competitiveness and jobs.

Also announced by VW yesterday was a decision by its supervisory board confirming that Mr Carl Hahn, 64, would stay on as chief executive to the end of 1993.

Carl Hahn: to stay as chief executive to end of 1993

This was virtually certain after a board committee recommended that he continue to lead the group after his contract runs out in December 1991. At the net level, VW's nine-monthly profits were 2 per cent higher at DM621m.

VW said earnings had been affected by increased competition, price concessions, economic problems in Brazil, and currency movements.

In addition, depreciation charges rose as a result of increased investment, up by 18 per cent to DM3.7bn; its east German involvement will cost it around DM5bn. Turnover was 4 per cent higher at DM50.4bn but manufacturing costs were up by 7 per cent to DM44.7bn.

VW is engaged on a widespread cost programme which has been saving around DM1bn a year. VW said recessionary tendencies in some western European markets and in the US could increase.

The tense situation in the Gulf also held considerable risks for the near future, although this had not yet seriously harmed economies in Europe. Deliveries to customers rose by 3 per cent to 2.28m cars, with the full year expected to produce sales of more than 3m vehicles for the first time.

VW was unable to meet the high demand for its models, especially in Germany where demand from the east has buoyed up the whole domestic market. Thus order backlogs remained unusually high and delivery times were lengthened.

Hewlett-Packard disappointed

By **Louise Kehoe** in San Francisco

HEWLETT-PACKARD, the US computer and electronics manufacturer, reported what it called a "disappointing earnings performance" for the fourth quarter with an 18 per cent fall. HP blamed its earnings decline upon price discounting.

For the fourth quarter, ending October 31, net earnings were $202m, or 83 cents per share. Net revenues for the quarter totalled $3.6bn compared with $3.4bn a year ago. US revenues rose by 1 per cent, while revenues from outside the US increased 10 per cent, the company said.

HP's net earnings for fiscal 1990 totalled $739m down from $829m in 1989. Net earnings per share fell 13 per cent to $3.06. Revenues for the year were $13.2bn, up 11 per cent.

All of HP's annual comparisons reflect its acquisition of Apollo Computer in May 1989.

HP's workforce was reduced by 3,000 to about 92,000 through voluntary severance, early retirement and controls on hiring.

"We haven't yet seen the full benefits of our initiatives this quarter due to slower revenue growth, the weak dollar's upward pressure on operating-expense growth, and a significant increase in cost of goods sold," said Mr John Young, president and chief executive.

CS First Boston adds to week of long knives

By **Martin Dickson** in New York

A WEEK of long knives at CS First Boston, the troubled US investment bank, drew to a close yesterday with news of yet more departures among the group's senior executives.

Mr Gregg Malcolm, who headed the group's poorly performing real estate group, has left, together with Mr William Dickey, head of the Los Angeles property operations, according to bank insiders.

One or two rather more junior executives are also expected to be eased out of the 24-strong property team.

It also emerged that Mr Sheppard Davis, a senior equity trader, had left the firm.

These moves bring to at least eight the number of senior figures to have left the firm – some on their own initiative and some through dismissals – since Tuesday when CS Holdings, the parent company of Switzerland's Crédit Suisse bank, said it was spending $300m to boost its stake in CS First Boston from 44.5 to around 60 per cent and taking boardroom control.

The move was accompanied by a financial package designed to dispel market concern about First Boston's credit-worthiness by cutting its exposure to problem loans which the bank extended during the junk bond era of takeover financing.

Mr Malcolm, who had only headed the property team for a few months, was previously in charge of the junk bond department and there was speculation that his departure stemmed more from the problems in the high yield bond area than in real estate.

Mr Paul McAuliffe, who recently joined the property team from Morgan Stanley, has taken over from Mr Malcolm and the group plans to refocus on the property needs of the bank's clients.

On Wednesday the bank announced that Mr Tony Grassi, chief financial and administrative officer, and Mr James Freeman, chairman of First Boston Asset Management, had decided to quit.

Mr Grassi was said to have made this choice some time ago.

On Tuesday three senior executives hired less than a year ago to run the group's bond trading department also left.

They are Mr William Voute, who headed the department, Mr Craig Coats and Mr Ronald Stuart.

Amadeus and Sabre confirm travel booking merger

By **William Dawkins** in Paris

THE two largest computer travel booking systems in the US and Europe have agreed to join forces to create by far the largest network of its kind.

Sabre, the system owned by American Airlines, already the world's leading screen reservation network, yesterday agreed to connect its computers to Amadeus, formed by Air France, Lufthansa, Iberia Airlines and SAS, which handles 65 per cent of automated European travel bookings.

This could considerably strengthen the marketing muscle of the airlines concerned, since every carrier needs to have its schedules and prices displayed on such networks. It is the climax of a sensitive two-year negotiation and follows the recent series of alliances between the world's leading airlines.

European Commission competition authorities will vet the deal. Brussels keeps a close watch on travel booking systems, governed by an EC regulation designed to ensure smaller airline competitors get fair treatment on networks owned by big carriers.

The deal amounts to an admission from Amadeus that it is unable to form a world reservation system without a US partner. This is in contrast to Galileo, its smaller European competitor owned by British Airways and nine other airlines, which linked up three years ago with Covia, operator of the Apollo computer booking system owned by United Airlines of the US.

Lufthansa, the German airline, had wanted Sabre to take an equity stake in Amadeus to cement the alliance, but Air France successfully resisted this, driven by fears that the US airline would dominate the partnership.

Sabre's 18,200 travel agency users and the 10,500 agencies hooked up to Amadeus will get access to each others' systems by the first half of next year. Amadeus will take over Sabre's European marketing organisations, while the US partner will take over the European group's US offshoots and the pair will later develop compatible software. Their services will be marketed as a single product.

Galileo is unworried by the creation of such a large competitor. "This comes as no surprise. Judging by our experience with Covia, it will take them two to three years to get their computer systems integrated properly," said a Galileo spokesman.

Electrolux books 62% decline

By **Robert Taylor** in Stockholm

ELECTROLUX, the world's leading white goods manufacturer, said yesterday that it made no profits at all for the third quarter of the year compared with SKr668m ($119m) for the same period of 1989. As a result, profits (after financial items) over the first nine months fell by 62 per cent to SKr1.01bn compared with SKr2.66bn for the same period of last year.

The company reported a drop of 5 per cent in its total sales for the third quarter with a 2 per cent decline in the sales figures for the first nine months to SKr62.24bn from SKr64.06bn.

Electrolux's operating income after depreciation fell by 39 per cent to SKr2.412bn over the January-September period from SKr3.967bn. Earnings per share in the third quarter were SKr0.90 compared with SKr6.70 for the same period in 1989.

The company said the decline was mainly because of a substantial downturn in demand for its industrial products and household appliances.

More than half the losses stem from the decline in its North American market, particularly for white goods consumer products but Electrolux said the UK market had also weakened further with signs of slackening demand in Italy, France and the Netherlands although it added its European market share of household appliances had strengthened.

There was also an unchanged falling trend in commercial appliance and outdoor product sales, reported the company. Electrolux announced a 67 per cent drop in its sales in the third quarter for its building components business, down to SKr339m from SKr1.039bn. Only in commercial services did Electrolux report an actual improvement with a 19.3 per cent increase in sales in the third quarter to SKr1.139bn from SKr955m.

The company said its comprehensive restructuring programme involving the loss of 15,000 jobs to adjust to the problems of weak demand, falling income and severe competition, would continue on schedule.

Sumitomo officials move in to oversee Itoman

By **Robert Thomson** in Tokyo

SUMITOMO Bank yesterday announced that five senior officials will oversee the restructuring of Itoman, the troubled Japanese trading house with large property debt exposure in a softening market.

The bank, Itoman's largest creditor and longtime partner, has appointed Mr Yasuyoshi Sogo, a managing director, as acting vice-president of the trading house with responsibility for reducing real estate related loans by an estimated Y700bn to Y150bn ($1.16bn).

Sumitomo Bank's move is apparently an attempt to reassure other creditors, who have wanted action to accompany the bank's indications that it will guide Itoman through the financial troubles. Mr Sotoo Tatsumi, president of Sumitomo Bank, said that Mr Sogo was well-qualified for the Itoman position, as he played a role in the revival of the ailing Mazda Motor Corporation and Kansai Kisen, a shipping company.

Meanwhile, Mr Yoshihiko Kawamura, Itoman's president, insisted yesterday that he would not resign, that the company's business operations remain basically profitable, and that he is not responsible for the dramatic increase in property dealings.

The Sumitomo appointments follow the resignation last week of Mr Suemitsu Ito, Itoman's managing director.

Trump fails to make payment on bonds

By **Nikki Tait** in New York

TRUMP Organisation, the property and casinos group run by Mr Donald Trump the New York businessman, has failed to make a $47.3m interest payment due on its Taj Mahal casino bonds. The payment was due by midnight on Thursday.

However, the implications of the default were still unclear yesterday morning in New York, as Mr Trump remained in negotiations. At first, there were suggestions that the two sides were set to reach agreement, and disclose details of the negotiations, by noon. However, that deadline passed with neither side making any statement.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$376.50	-8.5	$391.25	$420.25	$345.75
Silver Per troy oz	211.40p	-4.65	359.80p	323.50p	211.40p
Aluminium 99.7% (cash)	$1585.5	-7	$1717	$2227.5	$1380.0
Copper Grade A (cash)	£1334	+17	£1612	£1747.5	£1304.5
Lead(cash)	£367.0	-2	£439.5	£780	£365.5
Nickel (cash)	$8837.5	-87.5	$10175	$11375	$6075
Zinc SHG (cash)	$1292.5	-1	$1440	$1869	$1250
Tin (cash)	$6200	-25	$6910	$7020	$5785
Cocoa Futures (Mar)	£745	+51	£674	£967	£622
Coffee Futures (Jan)	£565	-10	£685	£757	£548
Sugar (LDP Raw)	$264.4	+5	$372.8	$386.4	$241.7
Barley Futures (Jan)	£116.10	-0.15	£111	£117.75	£103.45
Wheat Futures (Jan)	£119.65	+0.35	£112.15	£123.45	£111.00
Cotton Outlook A Index	82.60c	+0.05	82.25c	92.70c	73.70c
Wool (64s Super)	398p	N/C	585p	580p	398p
Oil (Brent Blend)	$28.925y	-3.975	$18.525	$39.175	$15.575

Per tonne unless otherwise stated. †Unquoted p-pence/kg. c-cents lb y-January

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$25.00-5.10v	-1.65
Brent Blend (dated)	$30.25-0.35	-2.10
Brent Blend (January)	$28.90-8.95	-1.825
W T I. (1 pm est)	$29.40-9.45v	-1.30
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$291-296	-9
Gas Oil	$296-297	-12
Heavy Fuel Oil	$131-133	+1
Naphtha	$295-298	-16

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$376.5	-2.75
Silver (per troy oz)♣	412c	-6
Platinum (per troy oz)	$423.0	+8.75
Palladium (per troy oz)	$93.6	+0.85
Aluminium (free market)	$1635	
Copper (US Producer)	123c	+3
Lead (US Producer)	50c	
Nickel (free market)	412c	
Tin (Kuala Lumpur market)	16.19r	-0.06
Tin (New York)	286c	
Zinc (US Prime Western)	70c	
Cattle (live weight)†	104.62p	-1.22*
Sheep (dead weight)†	139.66p	-18.1*
Pigs (live weight)†	73.71p	-4.96*
London daily sugar (raw)	$264.4z	-1.0
London daily sugar (white)	$312.0z	-1.0
Tate and Lyle export price	£243.5	-0.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£162	+2
Wheat (US Dark Northern)	£81u	
Rubber (Dec)♥	51.50p	+0.25
Rubber (Jan)♥	51.75p	+0.50
Rubber (KL RSS No 1 Dec)	243.0m	
Coconut oil (Philippines)§	$360q	
Palm Oil (Malaysian)§	$340	
Copra (Philippines)§	$245t	+5
Soyabeans (US)	£133	+1
Cotton "A" index	82.60c	
Wooltops (64s Super)	398p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. u-Dec v-Jan w-Jan/Feb z-Feb/Mar. †Meat Commission average fatstock prices * change from a week ago ♥London physical market. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Mar	223.40	224.40	229.00 222.60
May	223.60	224.00	227.80 223.60
Aug	225.00	225.80	229.00 225.00
Oct	225.00	226.00	228.00 225.00
Dec	225.00		220.00
Mar	225.00		223.20
White	Close	Previous	High/Low
Mar	304.0	304.5	312.0 303.0
May	304.0	305.0	311.5 303.0
Aug	308.0	308.0	311.0 307.0
Oct	290.5	290.5	290.0
Dec	288.0	288.0	287.0

Turnover: Raw 1460 (1595) lots of 50 tonnes. White 1137 (414)
Paris- White (FFr per tonne): Mar 1534, May 1538, Aug 1565, Oct 1474.

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Jan	28.90	30.40	30.15 28.70
Feb	27.80	29.05	29.00 27.70
Mar	27.05	28.00	27.05 26.75
Apr	26.05	26.80	26.05
IPE Index	31.85	32.54	32.54 31.85

Turnover 8955 (32210)

GAS OIL – IPE ($/tonne)	Latest	Previous	High/Low
Dec	274.75	288.50	282.00 273.00
Jan	264.00	274.75	269.50 261.50
Feb	250.00	258.25	255.00 248.00
Mar	235.00	242.00	240.00 235.00
Apr	224.00	228.50	224.00 221.00
May	220.00	226.00	222.00 220.00
Jun	218.00	222.50	218.00

Turnover 21279 (18340) lots of 100 tonnes

SPICES
An active week and higher prices for cassia, reports Man-producten. The European industry is covering requirements through June 1991. The bark is reported to be thin, giving a lower average oil content. In order to deliver a good kb the shippers will have to add a higher percentage of ks in order to meet 2.25 ml/svo. Cloves: Latest price quotes put Madagascar cloves close to Brazilian levels, with signs that lower offers may be coming in future months. Vera a/korintji a sticks spot US$2,525; korintji b broken/cleaned spot $1,625; Mad/Com/Zanz cloves d/l shpmt $2,300 cif, Brazil d/l shpmt $2,400 fob

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Dec	692	671	692 675
Mar	745	714	747 721
May	775	743	775 749
Jul	798	765	798 773
Sep	824	787	822 793
Dec	848	812	825 820
Mar	874	837	851 849

Turnover: 9698 (7627) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 15 941.13 (884.38) 10 day average for Nov 16 885.80 (880.46)

COFFEE – London FOX (£/tonne)	Close	Previous	High/Low
Nov	560	563	559 549
Jan	565	577	573 560
Mar	545	555	555 542
May	555	568	563 550
Jul	571	583	579 567
Sep	587	599	595 588
Nov	609	610	612 611

Turnover: 4444 (2020) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 15: Comp. daily 68.55 (68.27). 15 day average 70.73 (71.01)

POTATOES – BFE (£/tonne)	Close	Previous	High/Low
Apr	147.9	147.9	148.2 147.3
May	167.0	166.5	166.0 165.6

Turnover 51 (137) lots of 40 tonnes.

SOYAMEAL – HI-PRO (£/tonne)	Close	Previous	High/Low
Feb	114.50	114.50	114.50
Apr	117.50	118.00	118.00 117.50
Jun	118.00	116.50	118.00 117.00
Aug	118.00	118.00	118.00
Oct	120.50	119.50	120.50

Turnover 146 (182) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)	Close	Previous	High/Low
Nov	1313	1307	1300
Dec	1300	1300	1300
Jan	1265	1257	1265 1258
Apr	1225	1215	1225 1220
Jul	1035	1030	1035 1030
BFI	1298	1293	

Turnover 198 (71)

GRAINS – BFE (£/tonne)			
Wheat	Close	Previous	High/Low
Nov	116.60	116.10	116.60 116.50
Jan	119.65	119.40	119.70 119.60
Mar	123.35	123.15	123.40 123.35
May	126.70	126.50	126.80 126.70
Jun	128.20	128.00	128.20 128.10
Barley	Close	Previous	High/Low
Nov	113.10		
Jan	116.10		
Mar	119.35		119.35 119.25

Turnover: Wheat 273 (463). Barley 25 (13).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg	Close	Previous	High/Low
Jan	91.5	91.5	91.0
Feb	92.5		93.0 92.5

Turnover 13 (5) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,084 lots
Cash	1584-7	1642-4	1612	1610-1		
3 months	1617-9	1667-8	1652/1616	1638-40	1619-20	82,551 lots
Copper, Grade A (£ per tonne)						Total daily turnover 17,171 lots
Cash	1333-5	1338-40	1355/1338	1355-6		
3 months	1322-3	1332-4	1342/1322	1341-2	1326-7	108,217 lots
Lead (£ per tonne)						Total daily turnover 1,612 lots
Cash	366-8	365-7		367-8		
3 months	369.5-70	370-0.5	372.5/368	372.5-3	367-8	11,301 lots
Nickel ($ per tonne)						Total daily turnover 996 lots
Cash	8825-50	8800-60		8800-50		
3 months	8500-25	8500-25	8525/8475	8500-25	8510-25	7,714 lots
Tin ($ per tonne)						Total daily turnover 2,530 lots
Cash	6195-205	6140-60		6170-80		
3 months	6195-200	6155-60	6200/6165	6175-80	6190-5	8,907 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,455 lots
Cash	1290-5	1295-300	1310/1305	1305-10		
3 months	1273-5	1270-2	1288/1270	1275-7	1274-5	20,103 lots

LME Closing £/$ rate: SPOT: 1.9670 3 months: 1.9402 6 months: 1.9195 9 months: 1.9004

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	376¼-376¾	191¼-191¾
Opening	379¼-379¾	193¾-194¼
Morning fix	380.30	194.148
Afternoon fix	376.30	191.307
Day's high	380½-381	
Day's low	375¼-375¾	

Coins	$ price	£ equivalent
Mapleleaf	385-390	195½-198½
Britannia	385-390	195½-198½
US Eagle	385-390	195½-198½
Angel	385-390	195½-198½
Krugerrand	375-378	190½-192½
New Sov.	88½-90½	45-46
Old Sov.	88½-90½	45-46
Noble Plat	428.05-434.90	218.35-221.85

Silver fix	p/fine oz	US cts equiv
Spot	211.40	414.00
3 months	218.55	422.20
6 months	225.10	430.15
12 months	237.80	448.55

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
500	66	57	2	13
550	29	29	15	35
600	9	13	45	69
Cocoa	Dec	Mar	Dec	Mar
650	43		1	
700	9	73	17	29
750	1	47	59	53
Brent Crude	Jan	Feb	Jan	Feb
3000	170		280	
3050				
3100				

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Nov	378.9	379.1	0	0
Dec	379.8	380.0	381.5	376.0
Jan	381.7	381.9	0	0
Feb	383.2	383.6	385.1	379.0
Apr	386.6	387.1	388.3	383.0
Jun	390.3	390.9	387.4	387.4
Aug	393.7	394.3	391.0	391.0
Oct	397.3	398.0	0	0
Dec	401.0	401.8	403.0	403.0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	421.7	415.7	424.5	417.5
Apr	425.9	420.2	427.5	422.5
Jul	429.9	424.2	431.2	431.2
Oct	434.3	428.6	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Nov	414.0	410.6	408.0	408.0
Dec	415.0	411.7	416.0	407.0
Jan	417.0	413.7	408.0	408.0
Mar	423.9	420.5	425.0	416.0
May	429.8	426.3	430.5	422.0
Jul	435.6	432.1	435.0	429.0
Sep	441.3	437.8	437.5	437.5
Dec	449.8	446.2	450.5	444.0
Jan	451.9	448.5	0	0
Mar	458.4	455.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	119.30	119.00	120.50	118.50
Dec	117.65	116.45	118.50	116.40
Jan	116.50	115.05	116.50	115.70
Mar	112.80	112.35	113.50	112.00
Apr	111.60	111.35	0	0
May	110.20	110.15	111.00	110.30
Jun	109.10	109.15	0	0
Jul	108.00	108.15	109.00	107.90
Aug	106.95	107.20	0	0
Sep	106.00	106.45	107.80	106.10

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Dec	29.80	31.12	30.20	29.25
Jan	29.62	30.64	29.85	29.14
Feb	28.90	29.88	29.15	28.38
Mar	28.00	28.98	28.25	27.48
Apr	27.10	28.08	27.30	26.70
May	26.40	27.31	26.50	25.81
Jun	25.68	26.68	26.10	25.30
Jul	25.20	26.21	25.70	24.80
Aug	24.84	25.84	25.40	24.43

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Dec	8420	8667	8495	8330
Jan	8410	8630	8460	8330
Feb	8175	8391	8255	8091
Apr	7400	7587	7460	7380
Jul	6880	6997	6900	6880
Aug	6850	7012	6905	6800

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	1312	1243	1320	1230
Mar	1366	1302	1380	1292
May	1400	1332	1417	1327
Jul	1440	1374	1458	1364
Sep	1475	1409	1415	1415
Dec	1500	1446	1500	1448
Mar	1540	1486	1489	1489

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	81.36	81.75	82.25	80.50
Mar	85.45	85.75	86.10	84.40
May	88.00	88.25	88.50	87.00
Jul	90.05	90.50	90.90	89.25
Sep	92.05	92.35	92.90	91.80
Dec	95.00	195.35	96.10	95.35
Mar	97.65	97.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	10.07	10.08	10.28	9.88
May	10.02	10.03	10.25	9.99
Jul	10.03	10.03	10.21	10.00
Oct	10.02	10.04	10.25	10.00
Mar	10.02	9.98	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Dec	74.25	74.15	75.05	73.90
Mar	73.83	73.44	74.43	73.40
May	74.03	73.70	74.75	73.75
Jul	74.20	73.85	74.74	74.10
Oct	67.79	67.81	68.20	67.81
Dec	65.58	65.51	65.95	65.51
Mar	66.25	66.28	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Nov	109.70	112.60	113.50	108.00
Jan	109.45	111.80	110.50	106.00
Mar	110.50	112.70	111.00	108.00
May	111.10	113.30	111.00	108.30
Jul	111.50	114.05	112.00	110.00
Sep	111.50	114.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Nov 16	Nov 15	mnth ago	yr ago
1730.1	1724.6	1726.5	1851.9

DOW JONES (Base: Dec. 31 1974 = 100)	Nov 15	Nov 14	mnth ago	yr ago
Spot	122.89	123.24	126.00	130.89
Futures	126.50	125.92	127.46	131.49

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Nov	566/6	558/4	570/4	561/0
Jan	578/2	570/2	582/0	572/4
Mar	592/2	584/2	595/6	586/2
May	606/0	597/6	608/6	599/4
Jul	617/6	609/2	621/0	611/2
Aug	620/6	612/6	622/4	614/4
Sep	613/0	603/4	614/0	608/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	20.44	20.41	20.52	20.28
Jan	20.74	20.69	20.80	20.58
Mar	21.16	21.11	21.22	21.01
May	21.55	21.50	21.60	21.42
Jul	21.85	21.77	21.86	21.70
Aug	21.85	21.72	21.90	21.70
Sep	21.90	21.72	21.90	21.69
Oct	21.85	21.75	21.90	21.68

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	173.7	170.4	174.8	170.7
Jan	175.9	172.6	177.8	173.2
Mar	179.9	176.4	180.8	177.0
May	182.4	179.0	183.2	179.7
Jul	185.4	181.9	186.3	183.0
Aug	186.5	182.7	187.0	184.8
Sep	186.0	182.5	186.5	184.0
Oct	183.7	181.2	185.0	182.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	226/0	222/0	225/6	221/2
Mar	235/0	232/0	235/4	231/0
May	242/4	238/4	243/2	238/0
Jul	248/4	244/4	249/0	244/0
Sep	248/6	245/0	249/0	245/4
Dec	249/6	245/4	250/0	245/4

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	250/2	247/4	251/4	247/6
Mar	266/2	265/0	267/4	263/4
May	275/0	273/0	275/4	272/0
Jul	282/0	279/0	282/0	277/4
Sep	286/6	285/0	287/0	284/4
Dec	296/4	297/4	298/4	296/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	79.05	78.97	79.15	78.72
Feb	76.22	75.97	76.27	75.87
Apr	76.27	75.87	76.32	75.82
Jun	73.82	73.65	73.85	73.62
Aug	72.20	72.00	72.42	72.00
Oct	72.32	72.15	72.45	72.15

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	53.70	53.35	53.90	53.05
Feb	52.42	51.62	52.65	51.60
Apr	48.40	48.47	48.47	48.52
Jun	53.35	52.72	53.62	52.70
Jul	53.40	52.77	53.40	52.70
Aug	51.62	50.72	51.75	50.60
Oct	45.95	45.75	45.95	45.60

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	72.12	70.12	72.12	69.10
Mar	71.45	69.45	71.45	69.70
May	71.12	69.12	71.12	69.50
Jul	70.80	68.80	70.80	69.10
Aug	68.05	68.05	68.05	65.65

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down on Fed easing

THE DOLLAR finished weaker in London after indications that the US Federal Reserve has eased its monetary stance. Dealers suspected that Tuesday's meeting of the Federal Open Market Committee had voted for an easing, but Federal funds on the New York money market had been trading above the assumed target of 7¾ per cent for several days. Recent action to add liquidity by the US authorities was therefore difficult to interpret.

Yesterday Fed funds were trading at 7¾ per cent when the Fed added money, via weekend system repurchases, provoking the reaction that the Fed has almost certainly eased.

The dollar had already touched a record trading low of DM1.4660, before the action by the Fed, as data on US consumer prices and overseas trade increased speculation about lower interest rates. The October consumer price index rose 0.6 per cent, compared with 0.8 per cent in September, leaving the year-on-year inflation rate unchanged at 6.3 per cent. The market had feared an increase in the annualised rate to 6.5 per cent.

The September US trade deficit of $9.4bn was lower than the revised August shortfall of $9.7bn, but in line with most forecasts. It was noted that both imports and exports fell, indicating a sluggish economic performance.

In London the dollar finished at a record closing low of *DM1.4705* compared with DM1.4765 on Thursday. Earlier in Frankfurt the Bundesbank did not intervene when the dollar rose to DM1.4790 from DM1.4753 at the fixing. At the London close the US currency had fallen to SFr1.2445 from SFr1.2515 and to FFr4.9675 from FFr4.9850, but had improved to Y129.40 from Y129.25. The dollar's index fell to 60.0 from 60.2.

Sterling improved slightly against the dollar and yen, but lost ground to its partners in the European Monetary System. There was little reaction to UK inflation data, as attention remained focused on political events and the Conservative leadership contest.

The pound remained the weakest member of the EMS exchange rate mechanism, but was not under any strong pressure. It fell to DM2.8900 from DM2.8950, holding well above its allowed floor against the D-Mark of around DM2.8375. Sterling also declined to FFr9.7650 from FFr9.7700 and to SFr2.4475 from SFr2.4525, but gained 60 points to $1.9660 while rising to Y254.50 from Y253.25. Its index climbed 0.1 to 93.8.

The French franc had a weak undertone as the Conservative opposition in Paris tabled a motion of no confidence in the French government. The D-Mark rose to FFr3.3762 from DM3.3739 at the Paris fixing.

£ IN NEW YORK

Nov.16	Latest	Previous Close
£ Spot	1.9655-1.9665	1.9570-1.9580
1 month	0.99-0.97pm	0.99-0.98pm
3 months	2.69-2.66pm	2.71-2.68pm
12 months	8.20-8.10pm	8.17-8.07pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Nov.16	Previous
8.30	am	93.8	93.5
9.00	am	93.8	93.6
10.00	am	93.8	93.6
11.00	am	93.7	93.7
Noon		93.7	93.7
1.00	pm	93.7	93.7
2.00	pm	93.7	93.7
3.00	pm	93.8	93.7
4.00	pm	93.8	93.7

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9550 - 1.9690	1.9655 - 1.9665	0.99-0.97cpm	5.98	2.69-2.66pm	5.44
Ireland†	1.8100 - 1.8245	1.8235 - 1.8245	0.39-0.34cpm	2.40	1.22-1.12pm	2.57
Canada	1.1610 - 1.1660	1.1630 - 1.1640	0.42-0.44cdis	-4.43	1.14-1.18dis	-3.99
Netherlands	1.6550 - 1.6700	1.6585 - 1.6595	0.07-0.10cdis	-0.61	0.35-0.39dis	-0.89
Belgium	30.30 - 30.55	30.30 - 30.40	1-3cdis	-0.79	6-10dis	-1.05
Denmark	5.64 - 5.69	5.64 - 5.64½	0.92-1.12oredis	-2.17	3.15-3.75dis	-2.45
Germany	1.4660 - 1.4805	1.4700 - 1.4710	0.06-0.08pfdis	-0.57	0.35-0.38dis	-0.99
Portugal	129.90 - 130.65	129.90 - 130.00	90-100cdis	-8.77	270-300dis	-8.77
Spain	93.50 - 94.45	93.65 - 93.75	50-53cdis	-6.60	150-158dis	-6.57
Italy	1107 - 1116½	1109¼ - 1109¾	4.00-4.50liredis	-4.60	10.80-11.80dis	-4.07
Norway	5.75 - 5.80	5.75½ - 5.76	1.50-1.85oredis	-3.49	4.45-4.95dis	-3.27
France	4.95 - 4.99¼	4.96½ - 4.97	0.75-0.80cdis	-1.87	2.43-2.53dis	-2.00
Sweden	5.52½ - 5.56½	5.53¼ - 5.53¾	2.90-3.35oredis	-6.78	9.20-9.95dis	-6.92
Japan	128.95 - 130.05	129.35 - 129.45	0.01-0.03ypm	0.19	0.07-0.10dis	-0.26
Austria	10.33¾ - 10.41	10.33¾ - 10.34¼	0.65-1.00grodis	-0.96	2.30-3.30dis	-1.08
Switzerland	1.2390 - 1.2540	1.2440 - 1.2450	0.05-0.07cdis	-0.48	0.19-0.26dis	-0.72
Ecu	1.3875 - 1.4010	1.3975 - 1.3985	0.24-0.22cpm	1.97	0.76-0.74pm	2.15

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

CURRENCY MOVEMENTS

Nov.16	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.8	-19.1
US Dollar	60.0	-19.5
Canadian Dollar	100.8	+1.9
Austrian Schilling	110.8	+12.5
Belgian Franc	112.5	-1.3
Danish Krone	111.5	+5.5
D-Mark	120.8	+26.4
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Nov 15.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9550 - 1.9690	1.9655 - 1.9665	0.99-0.97cpm	5.98	2.69-2.66pm	5.44
Canada	2.2795 - 2.2910	2.2860 - 2.2870	0.34-0.27cpm	1.60	0.99-0.80pm	1.57
Netherlands	3.25½ - 3.27	3.25¾ - 3.26¾	1⅛-1⅛cpm	5.13	3¼-3⅛pm	4.39
Belgium	59.50 - 59.90	59.60 - 59.70	29-25cpm	5.23	70-61pm	4.39
Denmark	11.07½ - 11.14½	11.08¼ - 11.09¼	4-3¼orepm	3.92	9-7¾pm	3.02
Ireland	1.0760 - 1.0860	1.0815 - 1.0825	0.32-0.28pm	3.33	0.92-0.79pm	3.16
Germany	2.88¾ - 2.90	2.88¾ - 2.89¾	1⅛-1⅛pfpm	5.45	3⅛-3⅛pm	4.41
Portugal	254.20 - 256.10	254.35 - 255.35	22-44cdis	-1.55	96-157dis	-1.99
Spain	183.80 - 185.20	184.00 - 184.30	4-12cdis	-0.52	33-44dis	-0.84
Italy	2181¼ - 2188	2180¾ - 2181¾	2⅝-1lirepm	1.00	9-6½pm	1.42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.79-4.74cpm. 12 Month 8.15-8.05cpm.

CURRENCY RATES

Nov 16	Bank rate %	Special* Drawing Rights	European* Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

* European Commission Calculations. † All SDR rates are for Nov 15

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 16	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov 16	£	$
[illegible]	[illegible]	[illegible]

* Selling rate

EURO-CURRENCY INTEREST RATES

Nov 16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8⅛-8¼ per cent; three years 8⅜-8½ per cent; four years 8⅝-8¾ per cent; five years 8⅞-9 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov 16	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.346	0.680	1.	88.06	3.379	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	3.929	7.725	11.36	1000.	38.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.024	2.013	2.960	260.6	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.409	0.803	1.181	104.0	3.991	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.307	0.603	0.886	78.02	2.994	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.459	0.901	1.325	116.7	4.477	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.437	0.860	1.264	111.3	4.270	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.676	3.296	4.845	426.7	16.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9660	1.9562	1.9393	1.9184	1.8850
D-mark	2.8900	2.8769	2.8578	2.8374	2.8075
French Fr.	9.7650	9.7316	9.6805	9.6333	9.5802
Swiss Fr.	2.4475	2.4363	2.4186	2.3968	2.3613
Yen	254.50	253.27	251.20	248.93	245.25

MONEY MARKETS

London rates ease

THE UK Treasury's comment that headline inflation has now peaked and should fall sharply in November helped bring wholesale interest rates lower in London yesterday. Mr John Major, the UK chancellor of the exchequer, said: "The signs are not only that the headline rate will fall, but it is increasingly probable the underlying rate will fall as well."

Earlier in the day financial markets were relieved that year-on-year retail prices rose at an unchanged *10.9 per cent* in October.

UK clearing bank base lending rate 14 per cent from October 8, 1990

The inflation news led to a fall to 13¾-13⅝ from 13⅞-13¾ per cent in three-month sterling interbank, while 12-month money eased to 12¾-12⅝ from 12⅞-12¾ per cent.

Short sterling futures showed little reaction. December delivery opened higher at 86.79, but traded in a narrow range of 86.73 to 86.83 before closing at 86.76, unchanged from Thursday.

A money market credit shortage of £700m was initially forecast by the Bank of England, but this was revised to £800m in the afternoon.

Total help of £595m was provided. Before lunch the authorities bought £277m bills, by way of £100m bank bills in band 1 at 13⅞ per cent; £10m Treasury bills in band 2 at 13¾ per cent; and £167m bank bills in band 2 at 13¾-13⅝ per cent. In the afternoon another £303m bills were purchased, via £126m bank bills in band 1 at 13⅞ per cent and £177m bank bills in band 2 at 13¾ per cent. Late assistance of around £15m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £903m, with a rise in the note circulation absorbing £490m and bank balances below target £60m. These outweighed exchequer transactions adding £755m to liquidity.

At the weekly Treasury bills tender the average rate of discount on 91-day bills fell to 13.0333 from 13.0552 per cent. On 182-day bills the average rate fell to 12.2084 from 12.3182 per cent, but on 63-day bills rose to 13.4413 from 13.4340 per cent. The Bank of England announced that from November 30 the weekly bill tender will be cut to offerings of £250m 91-day and £200m 182-day bills from the present £200m 63-day, £250m 91-day and £200m 182-day bills. This reflects an expected liquidity drain caused by seasonal tax payments over the next few months.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.16) 3 months US dollars — bid 7⅝ offer 8¼ — 6 months US Dollars — bid 7⅝ offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10	One month	6.65
Broker loan rate	9¾	Two month	6.83
Fed.funds	7⅝	Three month	7.33
Fed.funds at intervention	[illegible]	Six month	7.34
		One year	7.36
		Two year	7.68
		Three year	7.83
		Five year	7.94
		Seven year	8.19
		10 year	8.29
		30 year	8.44

Nov.16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.50
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.50
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

Nov 16	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12⅝
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.92
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 13¼ per cent; three months 13⅛ per cent; six months 12⅞ per cent; Bank Bills (sell): one-month 13⅝ per cent; three months 13⅛ per cent; Treasury Bills: Average tender rate of discount 13.0333 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1990. Agreed rates for period Nov 26, 1990 to Dec 25, 1990, Scheme I: 15.08 p.c., Schemes II & III: 13.32 p.c. Reference rate for period Sept 29, 1990 to Oct 31, 1990, Scheme IV&V: 14.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from November 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

LIFFE EUROMARK OPTIONS DM1m points of 100%

LIFFE EURODOLLAR OPTIONS $1m points of 100%

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

US TREASURY BONDS 8% $100,000 32nds of 100%

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

THREE MONTH STERLING £500,000 points of 100%

THREE MONTH EURODOLLAR $1m points of 100%

THREE MONTH EUROMARK DM1m points of 100%

THREE MONTH ECU ECU1m points of 100%

FT-SE 100 INDEX £25 per full index point

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9660	1.9562	1.9393	1.9184	1.8850

IMM-STERLING $ per £

	Close	High	Low	Prev.
Dec	[illegible]	[illegible]	1.9476	1.9476
Mar	[illegible]	[illegible]	1.9238	1.9232
Jun	[illegible]	[illegible]	-	1.9034

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

JAPANESE YEN (IMM) Y12.5m $ per Y100

DEUTSCHE MARK (IMM) DM125,000 $ per DM

U.S. TREASURY BILLS (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

SWISS FRANC (IMM) SFr 125,000 $ per SFr

STANDARD & POORS 500 INDEX $500 times index

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

OPTION ON LONG-TERM FRENCH BOND (MATIF)

THREE-MONTH PIBOR FUTURES (MATIF) (Paris Interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	90.05	90.11	+0.05	90.11	90.05	9.89	14,490
June	90.03	90.05	+0.01	90.05	90.03	9.94	1,715
September	90.05	90.05	+0.01	90.05	90.03	9.94	1,017

Estimated volume 4,663 Total Open Interest 34,982

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int
October	1602.0	1626.0	+15.0	1628.0	1600.0	7,825
November	1608.0	1632.5	+15.0	1632.5	1608.0	1,501
December	1614.0	1634.5	+10.0	1634.5	1614.0	50
March	-	-	-	-	-	0

Estimated volume 5,499 Total Open Interest 9,376

BANK RETURN

BANKING DEPARTMENT	Wednesday November 14, 1990		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	44,651,175	-	80,587
Bankers Deposits	1,794,154,589	+	57,824,553
Reserve and other Accounts	2,131,105,246	+	40,989,310
	3,984,464,010	+	98,733,276
ASSETS			
Government Securities	1,222,936,113	-	49,070,000
Advance and other Accounts	709,437,834	-	883,142,849
Premises Equipment & other Secs	2,047,106,312	+	1,039,133,945
Notes	4,754,253	-	8,229,626
Coin	229,498	+	41,806
	3,984,464,010	+	98,733,276
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,565,245,747	+	8,229,626
Notes in Banking Department	4,754,253	-	8,229,626
	15,570,000,000		
ASSETS			
Government Debt	11,015,000		
Other Government Securities	12,163,942,880	+	1,135,859,999
Other Securities	3,395,042,020	-	1,135,859,999
	15,570,000,000		

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bank	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk. of Kuwait	15		

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Fund	Gross	Net	Cr Equiv	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2280

Treasury 10% Stk 2004(Assented) - £90¾ (12No90)
Exchequer 10½% Stk 2005 - £94¾
Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £103¾

Corporation and County Stocks
No. of bargains included 9

UK Public Boards
No. of bargains included 4

Commonwealth-Government
No. of bargains included 1

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 19

Inter-American Development Bank 9½% Ln Stk 2015 - £82¾ (14No90)
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £82½
11.5% Ln Stk 2003 - £96¾
New Zealand 7½% Stk 88/92 - £90
11½% Stk 2008(Reg) - £92½ (13No90)
11½% Stk 2014(Reg) - £93
Nova Scotia(Province of) 11¾% Ln Stk 2019 - £91¾
16¾% Ln Stk 2011 - £128
14½% Ln Stk 2006 - £94 5½
Portugal(Rep of) 9% Ln Stk 2016(Reg) -

Sterling Issues by Overseas Borrowers
No. of bargains included 82

Banks and Discount Companies
No. of bargains included 1836

Breweries and Distilleries
No. of bargains included 533

Registered Housing Associations
No. of bargains included nil

Commercial, Industrial, etc
No. of bargains included 13288

Financial Trusts, Land, etc
No. of bargains included 250

Insurance
No. of bargains included 804

Investment Trusts
No. of bargains included 656

Unit Trusts
No. of bargains included 14

Mines - Miscellaneous
No. of bargains included 138

Mines - South African
No. of bargains included 28

Oil
No. of bargains included 1647

Property
No. of bargains included 356

Plantations
No. of bargains included 8

Railways
No. of bargains included nil

Shipping
No. of bargains included 239

Utilities
No. of bargains included 5

Water
No. of bargains included 826

Miscellaneous Warrants
No. of bargains included 1

USM Appendix
No. of bargains included 319

The Third Market Appendix
No. of bargains included 53

Rule 535(2)
No. of bargains included 18

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Confused close to the trading account

TRADING on London's International Stock Exchange, already unsettled by uncertainties ranging from the prospects of armed conflict in the Middle East to a possible change in the leadership of the British government, was further compounded yesterday by a break-down of the market's electronic dealing system for a crucial period in late afternoon.

The break-down lasted for about 45 minutes and prevented market makers from updating share prices just as Wall Street was opening and the London market was moving into the new equity trading account. Official details were hard to come by since the International Stock Exchange was not answering telephones after 5.30pm.

The electronic problems cast a cloud of uncertainty over the close of a fairly successful trading session, which saw the market moving higher again in response to firm sterling and minor gains in the UK government bond sector. After some initial uncertainty, the FT-SE Index climbed by 12.7 at mid-session, but was already coming off the top as London braced itself for Wall Street's opening. In the event, London was plus 8.26 and the Dow Average plus 8 when the electronic gremlins struck.

Account Dealing Dates		
First Dealings:		
Nov 5	Nov 19	Dec 10
Option Declarations:		
Nov 15	Dec 6	Dec 27
Last Dealings:		
Nov 16	Dec 7	Dec 28
Account Day:		
Nov 26	Dec 17	Jan 7

*New-time dealings may take place from 8.30 am two business days earlier.

By the time London returned to normal, New York was down 10 Dow points and a final reading of the FT-SE Index at 2,068.0, still a gain of 8 points, left a good deal unsaid in terms of reaction from the UK.

The two-week trading account has seen the market advance by 37.3 points on the Footsie scale, despite the uncertainty over the Gulf situation and the unexpected contest for the leadership of the British Conservative party and, therefore, over the post of UK prime minister. A stabilising factor has been the relative steadiness of the sterling.

Comments from London traders on yesterday's problems with the London market's electronic trading network ranged from the concerned to the ribald. "It's a good thing it did not happen between 8.00am and 10.am, when most of the business is done," commented one trader tersely. "They could close it down every day while trading volumes are as low as they have been lately," said another.

Seaq volume of 425m shares may have been affected by the system break-down, undermining comparisons with Thursday's 434.4m shares.

The market's two major concerns were the announcements of the UK Retail Price Index (RPI) and the US Consumer Price Index (CPI), both for October. The domestic RPI number was precisely in line with City expectations, showing an annualised rate of inflation of 10.9 per cent; the equity market's concentration is now fixed on prospects for the November RPI number which, it is hoped, will show the first signs that inflation is peaking in the UK. The US CPI numbers were barely absorbed in London by the close of the market.

UK government bonds had a firm session, retaining early gains of around ⅛ and paying little heed to the RPI announcement. Index-linked gilts, the market's inflation hedge, also edged firmer to close with gains of $\frac{4}{32}$ or so.

The equity session was featured by some recovery in the building sector which has been badly hurt by the prolonged period of high interest rates in the UK; it gained yesterday from recommendation from a leading UK broker. Bank shares were also firmer again, as Panmure Gordon recommended switching to them from some insurance composites.

Lonrho stages revival

Lonrho, the UK trading conglomerate, got a buy recommendation from S G Warburg, the investment bank. Having progressively slipped lower during the Polly Peck debacle, the shares bounced off the year's low to close 10 higher at 195p.

Mr Euan Worthington, the mining researcher at Warburgs, believes Polly Peck has cast a cloud over Lonrho but, apart from its sector listing and agricultural interests, he insists there is no similarly. Lonrho has £372m of cash primarily within UK subsidiaries, he maintains.

Current year profits, according to Worthington, will probably reach £275m, representing a 17 per cent increase when last year's exceptional profits are excluded. Net Asset value is estimated 384p a share.

The replacement of the Overseas Traders sector in the FT-Actuaries Share Indices will probably see Lonrho join the Industrial Conglomerate sector. This currently offers a yield of 8.8 per cent compared with Mr Worthington's forecast of 11.3 per cent for Lonrho.

Royal reacts

A week of bad third quarter figures left a sour note in the composite insurance sector. The principal casualty appeared to be Royal Insurance, as investors took a second look at Thursday's announcement of a £91m nine month loss. The depressed nature of the insurance sector - brought on mainly by last year's storm damage and this summer's subsidence claims - gave rise to some brokers looking for a switch out of the sector and into bank stocks.

Royal Insurance echoed this view, losing 9 to 381p. This was still a net gain on the week however, and the results of recently announced higher building premiums will be watched closely.

Other composite insurers showed rather mixed fortunes. General Accident added 20 to 465p on hopes of a stronger performance based on higher building insurance premiums, but Guardian Royal lost 6 to 186p.

Brokers C.E. Heath finished 13 higher at 440p after news that the company has acquired B & C Insurance Brokers from Abaco, a wholly owned subsidiary of British & Commonwealth. The agreed price of £18m is payable in two instalments, the first of £11.75m to be financed by the placing of 2.84m new C.E. Heath shares, representing 5.75 per cent of the enlarged share capital.

News of an increase in the share stake held by Hambro Group Investments, a subsidiary of Hambros, to 21.7 per cent also underpinned the share price, as it revived speculation about a possible bid.

There was further selling of Wellcome, down 16 at 368p, but the selling pressure moved to Glaxo which fell 12 to 778p on suggestions of problems with its migraine drug. Leading bank shares finished mostly firmer. Barclays ended at 357p, up 8, while NatWest closed 3 higher at 270p.

Redland featured as the most active building stock, with 2.1m shares changing hands. Other leading stocks were fairly subdued, while second liners were virtually ignored. Redland closed at 526p, a rise of 6.

Blue Circle added 3 to 204p, helped by a bear squeeze at the end of the trading account. Meyer International, a major timber importer, benefited from late buying, and finished 5 higher at 378p. RMC also closed on a strong note, adding 15 to 612p.

McLaughlin & Harvey jumped 30 to 130p on news of a £7.5m cash offer by Thompson Securities. In the event of a successful outcome to the bid - which values the ordinary shares at 185p - Thompson intend to take the company into private ownership.

Publicity given to Thursday's flotation of UniChem, the pharmaceutical wholesaler now owned by 4,000 independent chemists, directed interest towards rival supplier AAH Holdings. Hoare Govett recommends clients to buy AAH stock.

"With three-quarters of profits in its relatively resilient businesses and both Meditel and the more cyclical activities offering considerable upside in due course, the shares look good value at a discount to the market and on a premium yield," said Hoare analysts. The shares improved a few pence to 305p while those of UniChem lost some of Thursday's sparkle to settle 5 easier at 118p.

Eurotunnel stock was looking in slightly better shape at the end of a week which has seen serious doubts on the rights issue. Speculation has mounted that underwriters of the issue have been left with the bulk of the stock and this has been reflected in the downslide in the new nil-paid shares. Down from 215p premium on Monday, the opening day of dealings, to 65p at one stage on Thursday, they rallied yesterday to 108p premium. The units have not suffered to the same extent and ended 7 firmer yesterday at 320p.

A seller of a large line of stock kept Next under pressure with the shares initially falling 20 per cent before eventually closing at 22p, a net decline of 3. Turnover, at 10m, was higher than normal for the stock.

A market maker had unsuccessfully attempted to sell a block of 3.5m shares during the previous session and only yesterday found a buyer. A cross-trade of 1.7m shares also boosted turnover. But unlike other stores groups which have recently seen their shares fall suddenly, analysts said there had not been any bearish speculation about Next's financial position. Indeed, once the line of stock had been cleared, some speculative buyers came into the market and pushed the shares off their lows.

Dalgety fell 3 to 340p and Hillsdown added 3 to 255p after Kleinwort Benson recommended a switch out of the latter and into the former. Mr Carl Short of Kleinwort said Dalgety was a company exposed to duller markets while Hillsdown would benefit from any further reductions in UK interest rates.

Booker eased 9 to 414p after the new food analysts at UBS Phillips & Drew brought outdated profit forecasts into line with other market estimates. Phillips & Drew expects £133m next year, which places it in the middle of the current range of analysts' expectations.

Brent Walker lost 2 to 89p despite an announcement from the company that it has reached an agreement with its lending banks. On the basis of working capital projections and receipt of at least £50m through disposals, these arrangements should be appropriate for the company's financial requirements until the end of 1991.

Lawson Mardon "A" stock recovered some of the recent loss which followed the Roman Corporation's decision to sell its holding. The president and chief executive officer of Lawson Mardon said yesterday its business is well placed and in good shape and the sale should have no effect on normal activities. Lawson shares rallied 11 to 411p.

News that Hawtal Whiting was unlikely to do more than break even in the latter half of the year had a marked effect on the shares, which fell 20 to 95p. The company provides a range of design engineering consultancy services.

Frank G Gates, the motor distributor, also sustained a sizeable loss after reporting poor interim results. The shares closed 13 down at 68p.

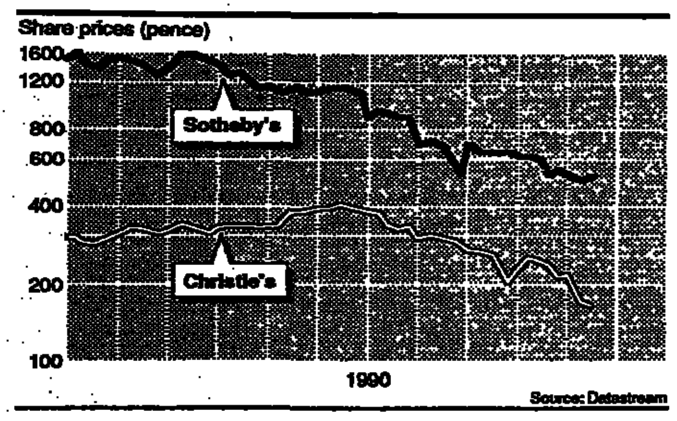
The proposed issue of 10m convertible preference shares, raising £9.7m through a placing and open offer to existing shareholders, saw TT Group slip 3 to 96p.

Vickers reacted as sellers became more active and closed 7 off at 188p. The offerings were touched off by speculation of declining defence orders. Other leading engineerings went with the wider market. GKN rose 7 to 298p and Hawker Siddeley gained 12 to 416p.

Goal Petroleum rose 4 to 95p after Smith New Court reiterated its buy recommendation. Mr Alan Sinclair of Smith said: "Goal has a fair spread of UK wells on the horizon, which although are high risk, stand a chance of a making a big find."

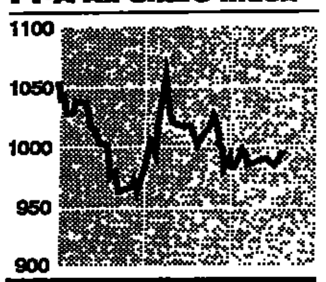
Water stocks showed gains throughout the sector. Recent losses attributed to fears of a return to public ownership under a Labour government were probably overdone, encouraging bargain hunters to appear at the lower levels. The Water Package added £20 to close at £2285.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 11.



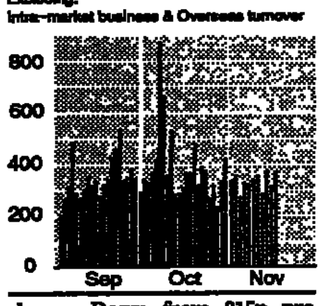
Shares in the two major international auction houses have given ground this year as sales of fine art have suffered in the wake of the growing recession in the industrialised nations. Christie's International had been under pressure ahead of this week's auction of paintings by Van Gogh which in the event proved unsuccessful. Art sales blossomed in the 1980s as increased private wealth was reflected in spiralling prices in the auction rooms in Europe and in the US. However, with several notable private buyers facing financial strains, sales enthusiasm has faded.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (12). BRITISH FUNDS (8) ELECTRICALS (1) INDUSTRIALS (1) Ransco Oil, TRUSTS (2). NEW LOWS (144). AMERICANS (1) CANADIANS (2) BANKS (2) BREWERS (1) BUILDINGS (7) STORES (4) ELECTRICALS (14) ENGINEERING (8) FOODS (8) INDUSTRIALS (23) Assoc. British Ports, Avon Rubber, Bridon, Brooks Service, Christies Intl., Computer People, Cosalt, Crean (J.) Units, Darby, Dean & Bowes, Elan Corp., Electrolux, Eurocopy, Fletcher Challenge, Hawtal Whiting, Intercare, LGW, Lynx, Mosaic Invs., Norfolk House, Piston Intl., Polymark, Do. Red. Pfg. A, Porth, Shanks & McEwan, TT, Tamaris, Trafalgar House, UDO, WSP, Wellcome, Westerly, Wyndham, INSURANCE (3) LEISURE (7) MOTORS (6) NEWSPAPERS (1) PAPERS (2) PROPERTY (2) TEXTILES (1) TRANSPORT (4) TRUSTS (17) OILS (8) OVERSEAS TRADERS (2) MINES (10) THIRD MARKET (8).

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	74	0	12	271	86	73
Corps. Dom. & Foreign Bonds	5	0	16	17	9	79
Industrials	307	334	906	1,455	1,561	4,715
Financial and Props	131	102	509	746	674	2,286
Oils	22	24	45	83	140	232
Plantations	1	0	9	9	2	39
Mines	27	25	100	109	183	468
Others	39	80	85	349	230	439
Totals	606	565	1,682	3,039	2,885	8,331

FINANCIAL TIMES STOCK INDICES

	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	80.45	80.19	80.00	80.35	80.26	83.71	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.45	88.40	88.40	88.48	88.43	93.33	92.91 (8/1)	83.30 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1614.8	1599.6	1583.2	1593.6	1589.7	1769.3	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	157.4	156.1	161.7	162.3	163.5	265.6	378.5 (6/2)	156.1 (15/11)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2068.0	2060.0	2046.0	2056.0	2051.9	2221.4	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	958.01	956.18	955.48	961.86	960.86	-	1000.00 (26/10)	948.21 (8/11)	1000.00 (26/10/90)	948.81 (8/11/90)
Ord. Div. Yield	5.96	6.01	6.06	6.02	6.04	4.73				
Earning Yld %(full)	12.44	12.54	12.65	12.51	12.54	11.33				
P/E Ratio(Net)(☆)	9.73	9.65	9.57	9.68	9.65	10.66				
SEAQ Bargns 4.45pm	24,265	20,854	18,490	20,201	18,724	22,417				
Equity Turnover(£m)†	-	720.6	632.94	782.40	588.82	648.31				
Equity Bargains†	-	19,753	17,457	19,165	17,555	22,276				
Shares Traded (ml)†	-	377.2	308.0	365.7	292.8	304.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35 Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 9.57

Ordinary Share Index, Hourly changes — Day's High 1617.2 — Day's Low 1598.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1598.7	1604.2	1611.1	1610.5	1608.6	1608.1	1610.2	1616.2	1614.7

FT-SE, Hourly changes — Day's High 2072.7 — Day's Low 2054.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2055.7	2061.6	2067.1	2065.0	2063.2	2061.8	2064.9	2071.6	2068.0

FT-SE Eurotrack 100, hourly changes — Day's High 958.48 — Day's Low 953.22

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
958.16	957.62	958.36	953.94	954.09	953.90	957.79

GILT EDGED ACTIVITY

Indices*	Nov 15	Nov 14
Gilt Edged Bargains	109.2	117.2
5-Day average	117.8	123.7

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	1,000	112	-2	Cookson	3,700	89	+1	MEPC	1,100	489	+4	Smith & Nephew	465	104½	
ASDA Group	1,830	136		Courtaulds	931	312	+6	Manpower	1,600	48½	+½	SmKl Beecham	2,230	579	+13
Abbey National	1,400	217	+3	Dalgety	295	340	-3	Marks & Spencer	1,800	234	+1½	SmKl Beecham Uts	190	[illegible]	[illegible]
Allied-Lyons	1,800	472	-2	Dixons	725	143	+2	Maxwell Comms	1,300	139½	+½	Smiths Inds	594	317	-7
Amstrad	954	64		ECC Group	175	214	+5	Midland Bank	812	190	-1	South West Water	309	235	
Anglian Water	241	238	+2	Enterprise Oil	391	616	+2	NatWest Bank	4,200	270	+3	Southern Water	1,200	232	
Argos	208	247	+1	FKI	1,200	53	+2	Next	10,000	22	-3	Standard Chartd	765	256	+2
Argyll Group	1,700	233	-2	Ferranti	1,000	18	-1	North West Water	1,200	228	+2	Storehouse	1,300	135	+1
Ass Brit. Foods	285	400	+1	Fisons	1,700	372	+6	Northern Foods	848	349	+6	Sun Alliance	2,100	329	+7
BAA	1,000	374	-1	Gen. Accident	1,090	465	+20	Northumbrian Water	17	241	+1	Sun Life	20	1013	+10
BAT Inds.	1,700	563	-2	General Elect.	1,500	184		Pearson	148	640	-3	T&N	1,000	155	-6
BET	2,000	174	+3	Glaxo	4,000	778	-12	P & O	557	484	+7	TI Group	350	383	-1½
BICC	2,700	323	-2	Glynwed Int.	100	194	+3	Pilkington	1,800	144	-1	TSB	580	133	+3½
BOC	869	460	+8	Granada	403	159	-3	Prudential	1,100	206	+2½	Tarmac	1,200	244	+9
BPB Inds	134	174	+5	Grand Met	1,500	577	+6	RHM	486	255		Tate & Lyle	496	260	
BTR	1,100	293	-1	GUS A	66	1084	+7	RMC	503	612	+15	Taylor Woodrow	184	211	-1
Bank of Scotland	974	107	+1	GRE	2,300	188	-6	RTZ	3,200	414	-5	Tesco	814	222	+1
Barclays	1,300	357	+8	GKN	1,300	298	+7	Racal	11,000	188	-4	Thames Water	1,200	233	-1
Bass	642	1012	+14	Guinness	1,200	731	+10	Racal Telecom	1,200	286	+2	Thorn EMI	707	619	+10
Beazer	1,000	95	-1	Hammerson "A"	94	578	+2	Rank Org.	1,300	592	-6	Trafalgar House	4,000	156	+2
Berisford Int.	91	29		Hanson	4,700	184	+1½	Reckitt & Colman	276	1258	+13	Trusthouse Forte	1,600	265	+5
Blue Circle	1,400	204	+3	Hanson Warrants	1,900	35	+½	Redland	2,100	526	+6	Ultramar	645	322	+2
Boots	1,400	329	+4	Harrisons Crosfield	319	730	+3	Reed Intl.	1,900	377	-1	Unigate	348	257	+2
Brit. Aerospace	258	539	+5	Hawker Sidd.	914	416	+12	Reuters	1,000	640	-11	Unilever	1,000	840	
British Airways	2,800	141	+6	Hillsdown	7,600	255	+3	Rolls Royce	4,700	159½	-½	United Biscuits	1,200	320	+1
British Gas	3,400	216½	+1	IMI	86	194	+1	Rothmans	104	[illegible]	+1	Utd. Newspapers	684	291	-2
British Land	208	389	+1	ICI	701	857	+2	Ryl Bk Scotland	267	149	+1	Water Package Uts	0	£2285	+20
BP	5,300	325	-3	Inchcape	747	229	+3	Royal Insurance	5,500	383	-7	Wellcome	2,300	368	-15½
British Steel	24,000	118	-1	Kingfisher	1,100	380	+8	STC	798	315	-1	Welsh Water	167	250	+2
British Telecom	2,900	270	+3	Ladbroke	1,200	274	+1	Saatchi	245	37½	-½	Wessex Water	174	226	+2
Bunzl	1,200	60	+2	Land Securities	1,300	523	+4	Sainsbury	483	298		Whitbread "A"	847	423	+1
Burmah Castrol	154	440	-1	Laporte	140	470	+3	Scottish & New	1,400	376	+4	Wiggins Teape	1,300	158	-2
Burton	6,300	79	+1½	Legal & General	799	372	+3	Sears	2,800	82	-½	Williams Hldgs.	1,300	220	+4
Cable & Wire	735	427	-2	Lloyds Abbey	732	312		Sedgwick	2,700	225	+6	Willis Corroon	1,250	252	+2
Cadburys	1,300	319	+5	Lloyds Bank	1,400	284	+8	Severn Trent Water	3,700	200½	+1½	Wimpey	1,200	205	-3
Calor Group	381	208		LASMO	474	412	-½	Shell Transport	2,300	434	-4	Yorkshire Water	329	245	+4
Carlton Comms.	168	330	+6	Lonrho	2,800	195	+10	Siebe	289	284	+2				
Coats Viyella	1,000	118	+4	Lucas	2,800	127	+2	Slough Ests	105	221	+3				
Comm. Union	395	467	+5	MB Caradon	533	162	+4	Smith (W.H.) A	121	370	+3				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday November 15 1990

Water	- 0.19	Other Groups	- 20.91
Stores	- 0.99	Insurance Brokers	- 21.17
Brewers & Distillers	- 3.41	Insurance (Composite)	- 22.02
Food Retailing	- 4.35	Textiles	- 22.56
Oil & Gas	- 9.13	Property	- 23.67
Consumer Group	- 11.50	Investment Trusts	- 23.79
Insurance (Life)	- 12.78	Publishing & Printing	- 24.07
Health and Household	- 12.85	Transport	- 25.50
Telephone Networks	- 13.44	Capital Goods	- 25.65
Packaging and Paper	- 14.11	Conglomerates	- 25.74
Food Manufacturing	- 15.34	Contracting, Construction	- 28.04
500 Share Index	- 16.88	Leisure	- 28.06
All-Share Index	- 17.59	Engineering-General	- 28.34
Metals and Metal Forming	- 17.77	Motors	- 29.86
Electronics	- 17.92	Merchant Banks	- 30.82
Industrial Group	- 17.93	Electricals	- 32.27
Engineering-Aerospace	- 18.45	Overseas Traders	- 32.99
Banks	- 18.52	Other Industrial Materials	- 34.14
Chemicals	- 19.83	Agencies	- 38.74
Building Materials	- 20.10	Gold Mines Index	- 49.50
Financial Group	- 20.43		

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-13	+03/32	11.37	11.52	11.81
		9.000	03/00	87-08	+09/32	11.25	11.36	11.46
		9.000	10/08	85-01	+11/32	10.91	10.97	11.01
US TREASURY *		8.500	11/00	101-13	+20/32	8.29	8.52	8.78
		8.750	08/20	103-09	+30/32	8.44	8.68	8.92
JAPAN	No 119	4.800	6/99	85.0044	+0.576	7.70	7.88	7.80
	No 129	6.400	03/00	94.6864	+0.680	7.36	7.54	7.50
GERMANY		9.000	10/00	100.4500	+0.500	8.93	9.07	8.98
FRANCE	BTAN	9.000	11/95	95.1638	-0.034	10.28	10.24	10.21
	OAT	8.500	03/00	89.6700	+0.300	10.25	10.35	10.32
CANADA *		10.500	03/01	98.8500	+0.200	10.52	10.74	11.26
NETHERLANDS		9.250	11/00	100.6800	+0.280	9.14	9.22	9.23
AUSTRALIA		13.000	07/00	103.0547	+0.339	12.44	12.83	13.38

London closing. *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Buyers return to cocoa futures

FOR THE first time in a very long while the cocoa market this week rose to the top of the London commodities heap. The performance was not earth-shattering – the March futures position ended £51 up at £745 a tonne – but it did not have a lot to beat.

Aluminium had made the pace on the London Metal Exchange until its modest rally was reversed yesterday after the announcement of another big rise in warehouse stocks; coffee and sugar prices continued to be pressed against chart-based support by concern about oversupply; and gold traded fairly narrowly while awaiting further developments in the Gulf. Only platinum put up any sort of a fight, ending $8 up on the week at $423 a troy ounce.

Cocoa's show of strength was led from Europe, with good nearby continental demand being backed up by unconfirmed talk of Soviet buying interest, according to Mr Tony Chadwick, analyst at Prudential Bache. However, the London bulls were repeatedly disappointed by lack of follow-through in New York, he said, until that market moved ahead quite strongly on Thursday night.

And after a firmer-than-expected New York opening yesterday the computer funds were reported to have come in as heavy buyers. "The chart animals are feeding like crazy," commented one New York trader. In London the March position responded with a £31-a-tonne gain.

Mr Chadwick doubted that there was much more mileage in cocoa's uptrend, however, in view of the increasingly heavy stocks burden overhanging the market.

GNI Research took a more bullish view. In a special report issued on Thursday it said that cocoa was "undoubtedly" the most oversold of the soft commodity markets and that it believed that a revival in prices could be under way.

Pointing to "far from ideal" growing conditions in West Africa this season, disease losses in Brazil, drought in Central America and dry weather and political problems in Asia, GNI said it was "highly likely" that the market would only see a minimal surplus in 1990-91 and could move into deficit in 1991-92. "It would seem as if there are few people left to sell cocoa," it added. "This is usually a good time for a reversal."

In contrast coffee futures prices yesterday surrendered earlier marginal gains with the January position finishing down £12 on the day and £10 on the week at £565 a tonne.

The market was likely to be weighed down by high stocks in Europe of arabicas – the mild variety grown chiefly in Latin America – E.D. & F. Man, the London broker said in its latest coffee market report, published this week. But stocks in producing countries were much lower than last year, Man noted, suggesting that might give the opportunity for rallies, given reports of delayed or reduced crops in Central America, Mexico, Colombia and Kenya.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+12,350	to 294,800
Copper	-75	to 177,850
Lead	-1,100	to 45,375
Nickel	-252	to 4,110
Zinc	+325	to 65,200
Tin	-140	to 11,095

Following the heavy falls encouraged by the recent massive build up in LME stocks, aluminium prices began a tentative rally early this week. After the announcement on Tuesday of a much smaller than expected stocks rise the cash quotation jumped $28.50 to $1,628.50 a tonne. And by Thursday's close it was up $50.50 on the week at $1,643 a tonne. But yesterday's stocks report proved that expectations of a continuing build-up were not misplaced. A 12,350-tonne rise took the total to 294,800 tonnes, and although an increase of that order had been widely anticipated the cash price responded with a $57.50 fall to $1,585.50 a tonne, down $7 on the week.

Third quarter figures published this week by the International Primary Aluminium Institute showed that production was running at a record 39,100 tonnes a day, up 430 tonnes a day on the previous quarter. In its daily Metal Price Monitor broker Ord Minnett calculated implied annualised output at 14.27m tonnes, "which at a time of concern for 1991 demand could weigh heavily on sentiment," especially as the "the daily rate looks set to increase" with the commissioning of new capacity in Canada and Dubai.

"In a nutshell," said Ord Minnett, "production is increasing, shipments are decreasing, LME stocks (before yesterday's rise) stand at their highest since September 1983 and we face sluggish 1991 economic growth. Not an ideal recipe, but as we have said before relative to the other metals it's actually quite promising!"

Richard Mooney

APPOINTMENTS

Changes at Ford Motor Company

■ Mr Murray L. Reichenstein has been elected vice president-controller of FORD MOTOR COMPANY from January 1. He succeeds Mr John L. O'Connor, who recently retired from the company. Mr Reichenstein, presently vice president finance, Ford of Britain, will be succeeded by Mr John A. Kaplan. Mr Kaplan is currently director finance office, car product development, of the company's North American automotive operations.

■ The ASHTON GROUP, of Sheffield, has appointed Mr Kenneth Hepplestone, currently managing director, as executive chairman.

■ Mr Subhash R. Gupte, acting chairman and managing director, Air India, has been elected to the executive committee of the INTERNATIONAL AIR TRANSPORT ASSOCIATION.

■ Mr Eric Lyall has become chairman of LETCHWORTH GARDEN CITY CORPORATION. He succeeds Mr Sidney Melman who has retired.

■ Mr David Baxter has been appointed ARC CENTRAL's trading director, based at Shepshed, Leicestershire. He joins from Tarmac Roadstone (Western) where he was a general manager.

■ Mr Stephen Crowther has been made managing director of NELSON HURST & MARSH. He was the director responsible for the construction division.

■ Mr Nick Bradford, formerly technical director at Megaset, has become customer support manager at CABLETIME, a supplier of cable network equipment.

■ HERTZ EUROPE has appointed Mr Nicolas Smith as director, legal affairs. He joins from BET, where he was company secretary of its property improvements, security and communications division.

■ SWISS BANK CORPORATION has appointed Mr Hans de Gier (pictured) to its executive board. Mr de Gier is head of global corporate finance and president, Swiss Bank Corporation, London, having served as chief executive officer of the London office from April 1988 until March this year. He will be the only non-Swiss national serving on the executive board.

■ NYKREDIT MORTGAGE BANK has made the following board changes. The roles of chairman and chief executive have been separated and Mr Thorlief Krarup, the chief executive of Nykredit in Denmark, has been elected non-executive chairman.

Mr Andrew Davison continues as chief executive of Nykredit Mortgage Bank, while Mr Mogens Munk Rasmussen, the deputy chief executive of Nykredit in Denmark, has been elected a director.

Mr T. Christian Hansen has been appointed deputy chairman, but Mr D.A. Laws and Dr M.J. Peagram have resigned as non-executive directors.

■ Mr Peter Walters has joined the board of COMET GROUP as the company's first distribution director. He was formerly distribution director at Philips Electronics and managing director of London Carriers.

■ PRECEPTA I.C.A. has appointed Ms Martine Benhaim, a main board director, as managing director of its UK subsidiary, based in London.

■ Mr Graham Gough, UK managing director of computer networking company and Tandem subsidiary, UNGERMANN-BASS, has taken on a new role as general manager of the newly-formed northern region. He will co-ordinate all customer relations activities, including sales and marketing throughout the UK, Ireland, Norway and Sweden. Mr Gough will be supported by Mr Jim Wilkinson who joins Ungermann-Bass as UK sales director.

■ UNITED BISCUITS has appointed Mr David Hearn as managing director designate of KP FOODS GROUP. He will succeed Mr Barry O'Connell on his retirement in the latter part of 1991. Mr Hearn joins from Pepsico Foods Europe where he was head of the Frito Lay snack operation for continental Europe.

■ Mr Patrick O'Sullivan (pictured) has been appointed managing director of the London representative office of FINANCIAL GUARANTY INSURANCE COMPANY (USA). He was previously an executive director of Goldman, Sachs.

He is supported by a new team: Mr Kem Blacker, senior vice president, joins from the New York office; Mr Philippe Jouan, director for France, was previously head of Credit du Nord's UK office and Mr Chris Andrews, an associate director, was previously with the asset-backed securities division of The First National Bank of Chicago.

■ The CHRISTIE GROUP has appointed Ms Caroline Wade as company secretary.

■ Mr Brian MacMahon has been elected the next chairman of the NATIONAL ASSOCIATION OF PENSION FUNDS. He will take office after the annual meeting in April, succeeding Mr Peter Stirrup. Mr MacMahon is group benefits executive of BET.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
SE Asia	6	39.48	39.48	42.22	+0.54	2.70
UK Growth (4-1)	6	56.74	56.74	60.68	+0.03	4.07
UK High Income	6	29.89	29.89	31.97	+0.04	6.32

Mayflower Management Co Ltd (1200)F
PO Box 249, Beckenham, Kent BR3 4WA 081-663 3111

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	292.2	292.2	310.8	+0.6	5.80
Global Inc	5	41.50	41.50	44.15	-0.02	5.48
Brit Leaders	5	233.4	233.4	248.3	+0.5	4.44
Intl Leaders	5	120.9	120.9	128.6	-0.6	3.20

Medical Investments Ltd (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Health Fund	5¼	43.96	43.96	48.11	-1.08	.34

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS 071-280 2060

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	5	105.1	105.4xd	112.5	...	0.44
(Accum Units)	5	112.2	112.7xd	120.2	...	0.44
American Income	5	30.72	30.72xd	32.65	...	9.15
(Accum Units)	5	41.02	41.02xd	43.60	...	9.15
American Sm Cos	5	38.21	38.21xd	40.76	...	0.00
(Accum Units)	5	38.73	38.73xd	41.32	...	0.00
British Blue Chip	5	50.45	50.56xd	53.92	...	3.29
(Accum Units)	5	55.58	55.70xd	59.41	...	3.29
Cash*	0	101.8	101.9xd	101.9	...	14.30
(Accum Units)*	0	107.2	107.3xd	107.3	...	14.30
European Growth	5	151.0	151.0	160.4	...	1.05
(Accum Units)	5	160.2	160.2	170.3	...	1.05
European Income	5	63.02	63.02	66.92	...	4.87
(Accum Units)	5	73.50	73.50	78.05	...	4.87

National Provident Inv Mgrs Ltd (1400)H
48 Gracechurch St, EC3P 3HH 071-623 4200

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI American Acc	5	56.71	56.78	60.40	-0.47	1.68
NPI American Dist	5	53.36	53.41	56.82	-0.44	1.68
NPI European Acc	5	63.49	64.10	68.19	-0.15	0.67
NPI European Dist	5	62.50	63.10xd	67.13	-0.14	0.67
NPI Far East Acc	5	91.72	92.12	98.00	-0.92	0.50
NPI Far East Dist	5	91.07	91.46	97.30	-0.91	0.50
NPI O'seas Acc	5	744.3	748.8	796.6	-3.00	1.37
NPI O'seas Dist	5	582.0	585.5	622.9	-2.30	1.37
NPI UK Acc	5	404.9	407.9	433.9	+0.70	5.04
NPI UK Dist	5	224.6	226.6xd	241.1	+0.40	5.04
NPI W'wide Acc	5	59.05	60.08	63.92	-0.49	0.57
NPI W'wide Dist	5	56.81	57.80xd	61.49	-0.48	0.57

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Target Trust Mngrs Ltd (1600)F

Templeton Unit Trust Managers Ltd

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Mngrs Ltd (1000)H

Tyndall Unit Tst Mngrs Ltd (1600)F

UK Unit Trust Managers Ltd (0900)F

UTAM Ltd (1300)F

United Charities Unit Trusts (1000)H

Wardley Unit Tst Mngrs Ltd (1300)F

Wessex Asset Management (1330)F

Whittingdale Unit Tst Mngt Ltd

Willbro Financial Services Ltd (0900)F

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fund

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Henderson Unit Trust Management Ltd

Lazard Brothers & Co Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acorn Life Assurance Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Alexander Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Aetna Life Insurance Co Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citicorp British National

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Insurance Co of America

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

Continued on next page

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National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	300 9	316 8	+0 1	–
UK Equity	375 1	394 9	+0 6	–
Overseas Eq.	286.0	301.1	−1.0	–
Americas	211.1	222.3	−1 7	–
Far East	296 4	312 1	−2.7	–
Property	192.5	202.7	+0.2	–
Fixed Int.	233.7	246.1	+1 1	–
Indexed Gilt	147.4	158.2	+0 4	–
Deposit	172.4	181.5	+0.1	–
Pension Fund (Accum Units)				
Managed	415.9	437.8	+0.2	–
UK Equity	476 8	501.9	+0.9	–
Overseas Eq	470.2	495.0	−1.2	–
Americas	278.4	293.1	−1.4	–
Far East	494.1	520.2	−3.7	–
Property	239 2	251.8	+0.3	–
Fixed Int	284 0	299 0	+1.2	–
Indexed Gilt	162.0	170.6	+0 4	–
Deposit	237.2	249.7	+0.1	–
NPI Pensions Management Ltd				
Managed Fund	928.8	945.4	....	–

Prices Nov 1 Next dealing Dec 3

Norwich Union Asset Management Ltd
PO Box 140 Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or −	Yield Gross
NUAM Funds				
Managed Fund	60.6	63 8	+0 1	–
Stock Market Mngd Fund	56.9	59 9	+0.1	–
Equity Fund	64.7	68 1	+0.2	–
International Fund	50.3	52.9	−0.2	–
European Fund	61.2	64.4	−0.1	–
North American Fund	48 6	51.1	−0.1	–
Pacific Fund	50 2	52.8	−0.1	–
Property Fund	86.7	91.3	....	–
Fixed Interest Fund	52.9	55.7	+0.3	–
Index Linked Sec Fund	59 9	63.0	+0.2	–
Deposit Fund	66.1	69.6	....	–
NUAM Retirement Plans				
Mixed Fund	65.8	69.3	+0.1	–
UK Ordinary Share Fd	74.7	78.6	+0.2	–
International Fund	54.7	57.6	−0.2	–
Property Fund	84 0	88.4	....	–
Fixed Interest Fund	63.2	66.5	+0.3	–
Index Linked Sec Fund	63.3	66 6	+0.2	–
Deposit Fund	76 8	80.9	....	–
NUAM (RF)				
Managed Fund	859.2	904 5	+1.3	–
Equity Fund	1787.6	1881.7	+5.9	–
International Fund	132.7	139 7	−0.5	–
Property Fund	548 7	577.6	+0.1	–
Fixed Interest Fund	396.3	417.2	+1.7	–
Index Linked Sec Fund	60.9	64.2	+0 2	–
Deposit Fund	271.9	286.3	....	–

Norwich Union Life Insurance Soc.

Providence Capital Life Assc. Co Ltd — Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
Total Investment Bond				
UK Equity Initial		129 6	+1 0	–
UK Fixed Int Initial		107 6	+0 1	–
Intl Equities Initial		101.7	+0 2	–
UK Managed Initial		104 5	+0.4	–
Property Initial		164.3	....	–
Money Initial		84 5	+0.1	–
Special Market Initial		93 3	+0.2	–
Japan Equity Initial		70 9	−0.8	–
North American Initial		62.6	−0 4	–
Pacific Initial		58.2	−0 1	–
Technology Initial		83 6	+0.1	–
Nat. Resources Initial		41.5	−0 1	–
European Initial		82.0	....	–
Residential Prop Init.		93.7	−0.1	–
Swiss Equities Initial		30.1	+0 1	–
Hong Kong Initial		43 7	+0.2	–
UK High Inc Eq Init.		58.3	+0.4	–
Int Fixed Interest Init.		49 6	....	–
Int Managed Init.		49 0	+0.1	–
HIP Managed Init.		94.5	....	–
HIP Managed II Initial		84.3	+0.3	–
Broker Funds				
High Performance	61.0	64.3	....	–
Towerhill Mngd Fd Acc.	32.3	34 0	+0.7	–
YRA Executive Fd	82.0	86.4	−0.2	–
E Global Growth Acc.	109 6	115 6	+0.2	–
E High Income Money Acc.	132 9	140.1	+0.1	–
IM Balanced		45 9	+0.1	–
H F Speculator Fd		113.5	....	–
PEP Acorn II		102.5	+0 1	–
PEP Cautionary		67 0	+0 1	–
AAFS Int Max Fund		107 4	+0.4	–
Andrews-Green Inv Port		74.7	....	–
Individual Pension Funds				
UK Equity Acc.	204.7	216.0	+1.8	–
UK Fixed Interest Acc.	195 6	206.4	+0.1	–
Intl Equities Acc	189.9	200.4	+0.5	–
UK Managed Acc.	164 5	173 5	+0.7	–
Property Acc.	209.5	221.0	+0.1	–
Money Acc.	150 6	158.9	....	–
Special Market Acc.	187 9	198.3	+0.4	–
Japan Equity Acc.	144 0	151.9	−1.6	–
North American Acc.	98 6	104.1	−0.6	–
Pacific Acc.	139.2	146 9	−0.5	–
Technology Acc.	135 0	142.5	+0.1	–
Natural Resources Acc.	81 2	85 7	−0.1	–
European Acc.	104 1	109 9	−0.1	–
Residential Prop Acc.	103 9	109 6	....	–
Swiss Equities Acc.	31.3	33.1	+0 1	–
Hong Kong Acc.	46 1	48 7	+0.4	–
UK High Inc Equ Acc.	65 5	69 1	+0.5	–
Int Fixed Interest Acc.	53 9	56 9	....	–
Int Managed Acc.	50 6	53.3	....	–

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Unico Financial Services SA Lux				
DG Investment Bank Ltd				
Unico Invest. Fund	DM66.36	68.40		2.00
Unico Equity Fund (u)	DM55.34	57.00		3.00
Viking Fund-SICAV				
‡NAV Nov 12 Ecu61.92				
World Bond Fund-SICAV (u)				
World Bond Fund	$22.40	23.53	-0.06	0.85
Inv Adv Warburg Asset Mngt London				
World Capital Gwth Fd-SICAV (u)				
World Cap Gwth Fd	$11.81	12.44	-0.12	0.80
Inv Adv Warburg Asset Mngt London				
Yamaichi Advanced Technology Fd				
Advanced Tech.		$22.49		-
Yamaichi 1992 OMNI Fund SICAV (u)				
NAV	$11.18	11.24		-

SWITZERLAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
B.I.A. Bond Investments AG						
10 Baarerstrasse CH6301 Zug Switzerland						217180
Barer St Series A			SFr 9040.0	9610.0		-
Barer St Series B			SFr 904.0	961.0		-

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
ATSP Management Ltd				
Philippines Long Term Equity Fund NAV Sept 30		$14.42		-
Aberdeen Fund Managers (Gsy) Ltd				
The New Asia Fund Ltd NAV US$ (diluted)		$-		-
NAV US$ undiluted		$7.17		-
Adig Investment				
Adiverba	DM20.16	20.76	+0.01	-
Adiversa	DM139.54	146.52	+0.54	-
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio	0.99			11.98
Growth Portfolio	£1.12		-0.01	3.00
Balanced Portfolio	1.00		-0.01	2.18
Genesis Fund Managers Ltd				
Chile Fund Oct 31	$-	11.10		-
Emerging Mkts Oct 31	$-	12.71		-
Malaysia Main Nov 15	-	8.74	+0.28	-
German Selection Associates N.V.				
NAV Nov 2		DM1726.35		-
Gertrust SA				
Samurai Portfolio	SF 253.30	276.30		-
Global Asset Management Corpn				
GAMerica		$196.59	+10.16	-
GAM Arbitrage		$220.21		-
GAM ASEAN		$154.58	+2.34	-
GAM Australia		$118.60		-
GAM Boston		$237.64	+4.70	-
GAM European		$104.15		-
GAM Europe Fd		$88.28	-0.96	-
GAM France		FFr1425.96		-
GAM Franc-val SFr		SFr158.26		-
GAM Global Fd		$119.54	-0.15	-
GAM High Yield		$77.41		-
GAM Hong Kong		$195.35		-
GAM International Fd		$160.01	-0.48	-
GAM Japan		$614.93		-
GAM Nth America Fd		$101.23	+2.36	-
GAM Money Mkt US$		$103.03	+0.01	-
Do Sterling		£105.66	+0.04	-
Do Swiss Fr		SFr103.03	+0.02	-
Do Deutschmark		DM102.93	+0.02	-
Do Yen		Y10280	+2	-
GAM Multi-Mngr-Allter		$105.70		-
GAM Multi-Mngr-Gen Ec		$101.78		-
GAM Multi-Mngr Trading		$111.70		-
GAM Multi-Mngr Gold Ch.		$100.00		-
GAM Pacific		$523.97	+7.94	-
GAM Pacific Basin Fd		$127.51	+1.53	-
GAM Restructuring		$115.25		-
GAM Selection		$356.47		-
GAM Singapore/Malaysia		$219.11		-
GAM SFr Special Bond		SFr75.17		-
GAM Tyche		$180.52		-
GAM U S		$157.47		-
GAM US Investments		$423.55	+4.87	-
GAM Value		76.84		-
GAM Whitethorn		$127.06	+4.73	-
GAM Worldwide		$388.10		-
Nomura Warrant Fund 1990 Ltd				
NAV		$4.44		-
North Star Fund Managers (Cayman) Ltd				
Invest Fund	DKr278.0	279.0		-
Low Risk Fund	DKr219.0	220.0		-
High Perf Fund	DKr262.0	263.0		-
Bond Fund	DKr163.0	164.0		-
Second Low Risk Fd	DKr173.0	174.0		-
Second High Perform Fd	DKr203.0	204.0		-
Mixed Intl Fd	DKr141.0	142.0		-
Invest Fd (Cayman)	DKr125.0	126.0		-
High Perf Fd (Cayman)	DKr133.0	134.0		-
Bond Fd (Cayman)	DKr126.0	127.0		-
Mixed Fd (Cayman)	DKr112.0	113.0		-
High Security Fd	DKr140.0	141.0		-
High Income Fd	£11.2	11.3		-
Dollar Growth Fd	$1.13	1.14		-
Dollar Income Fd	$1.14	1.15		-
North Star International Currency Fund				
US Dollars	$12.0	12.1		-
Pound Sterling	£12.0	12.1		-
Deutschmark	DM120.0	121.0		-
Japanese Yen	Y1200.0	1210.0		-
Optima Group				
Optima Fd NAV Nov 9		$12.66		-
Optima Start Fd NAV Nov 9		$12.59		-
Orbis Investment Management Ltd				
Orbis Global Eqty	$9.01	9.47	+0.34	-
Orbis Optimal Eqty	$12.39	13.03	+0.14	-
Orbis Leveraged Eqty	$12.03	12.72	+0.17	-
* Prices on Nov 15 Next Pricing Nov 22 Weekly Pricing				
Orbitex Bahamas Ltd				
Orbitex Growth Fund	$5.4144	5.9558		-
Orbitex Nat Res Fd	C$6.0966	6.7563		-
ORIENT Growth Fd				
NAV		$10.86	-0.03	-
PAM Futures Trading (Cayman) Ltd				
NAV Nov 12		$434.47		-
PFC Internatl Portfolio Fd Mngt Ltd				
Specialist Growth Fd		$2.52		-
Balanced Growth Fd		$2.23		-
Sterling Income Fd		£1.31		-
Strategic Reserve Fd		$0.99		-
PFC-LCC & B		$10.14		-
PFC Cap Global P'folio		$10.36		-
PFC Dynamic Mkts P'folio		$9.97		-
PRS International				
PRS Value Fd		$1087.05		-
PRS Acq Uon Arbitrage		$19.62		-
PRS Managed Future		$14.78		-
Wardley Investment Services Ltd				
Sterling Fd OPUPs	£7.68	7.77		-
DM Fd BOPUPs	DM10.21	10.22		-
DM Fd OPUPs	DM7.18	7.26		-
Yen Fd BOPUPs	$9.34	9.35		-
Yen Fd OPUPs	$8.16	8.26		-
Wardley S E Asia Tst	$10.79	11.34	+0.02	0.71
Japanese Warrants	$7.42	7.86	-0.06	-
Asian Warrants	$7.85	8.32	-0.02	-
European Warrants	$5.97	6.33		-
Managed	HK$9.12	9.73	-0.07	-
Wellington Fd Mngrs (Guernsey) Ltd				
Intnl Growth Fd	$12.77	13.40		-
Wells Fargo U.S. IT Fund				
NAV Nov 15		$9.90	-0.04	-
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$1.0253		-
Xiphias Int ECU		Ecu0.9712		-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ● Guernsey gross. A Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission; Isle of Man Financial Supervision Commission; Jersey Commercial Relations Department; Luxembourg Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Nov. 15	Nov. 14	Nov. 13	Nov. 12	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2545 05	2559.65	2535.40	2540.35	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.76	89.89	89.67	89.59	93.04 (3/1)	88.44 (24/9)	—	—
Transport	867.97	877.59	867 79	866.68	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.43	208.75	209.07	212.09	236 23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2567.33 (2581.19) Low 2528.71 (2522.77)

STANDARD AND POOR'S	Nov. 15	Nov. 14	Nov. 13	Nov. 12	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	317.02	320.40	317.66	319.48	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4 40 (1/6/32)
Industrials	371.23	375 22	371.69	373.35	437 37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	22.23	22.53	22.24	22.21	31 87 (3/1)	18 80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	173 12	174 68	173 31	174.07	201.13 (16/7)	162 20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	296 69	297.87	295.56	294 78	382.45 (5/1)	288.07 (30/10)	397 03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	354.52	356 87	352.80	351.46	469.60 (16/7)	325 44 (16/10)	485 73 (9/10/89)	54.87 (31/10/72)

	Nov. 9	Nov. 2	Oct.26	year ago (approx.)
Dow Industrial Div. Yield	4 09	4.08	4.17	3.94

	Nov.14	Nov. 7	Oct.31	year ago (approx.)
S & P Industrial div. yield	3.39	3.55	3.54	2.97
S & P Indl. P/E ratio	15 47	14.48	14.43	14.25

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Scher-Plo	2,126,000	43¼	...
Motorola	1,564,300	52¼	- 3¼
BankAmerica	1,560,100	23¾	- ½
IBM	1,539,700	112⅝	- ⅞
Citicorp	1,434,500	13¾	- ¼
Duke Power	1,377,400	29⅝	- ½
Limited Inc	1,327,600	14¼	- ⅛
NCNB	1,307,200	23¼	- 1⅛
Phillip Morris	1,277,800	48½	- ⅛
MCA Inc	1,248,300	67⅞	+ 2⅜

TRADING ACTIVITY

† Volume (Millions)	Nov. 15	Nov. 14	Nov. 13
New York	151.370	180 740	160.240
Amex	10.207	10.397	9.721
NASDAQ	117.971	130.810	123.367
Issues Traded	1,970	1,990	2,009
Rises	593	1,001	815
Falls	899	521	729
Unchanged	478	468	465
New Highs	9	18	21
New Lows	28	46	40

CANADA

TORONTO	Nov. 16	Nov. 14	Nov. 13	Nov. 12	1990 HIGH	1990 LOW
Metals & Minerals	2541.13	2568 91	2593.85	2587.88	3453 05 (4/1)	2486.60 (8/11)
Composite	3114.51	3127.64	3135.08	3119.97	4009 47 (5/1)	3009.91 (16/10)
MONTREAL Portfolio	1664 92	1676.49	1682 58	1670.41	2060 90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed (u) Unavailable.

	Nov. 16	Nov. 15	Nov. 14	Nov. 13	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1339.9	1345.3	1345.2	1348.8	1713.7 (12/1)	1291.2 (2/11)
All Mining (1/1/80)	629.9	638.3	641.9	643.9	860.8 (5/1)	627.2 (2/11)
AUSTRIA						
Credit Aktien (30/12/84)	(u)	446.57	445.24	453.95	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5070.60	5074 62	5106.24	5140.75	6599 43 (12/1)	4959 99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	336.84	336.14	336.26	339.08	388.29 (20/7)	331.41 (27/9)
FINLAND						
Unitas General (1975)	407.8	406.5	405.3	408.0	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	422.07	421.98	424 02	426.51	564 62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1612.10	1598.02	1599.13	1610.13	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	621.26	615.55	609 41	616 98	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1763.2	1747.8	1730.1	1753.1	2414 0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1425 68	1421.19	1406.23	1402.91	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	3008.66	2990 47	3006.82	2998.97	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1205.35	1212.28	1218 09	1208.89	1893.10 (22/1)	1205.35 (16/11)
ITALY						
Banca Com. Ital. (1972)	(u)	518.61	520.62	532.40	763.52 (14/6)	518.61 (15/11)
JAPAN						
Nikkei (16/5/49)	23171.63	23487 48	23937 44	23973 67	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1730.12	1745.87	1770.30	1773 02	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	3108.21	3140.58	3150.30	3129 79	4477 16 (16/7)	2857 49 (1/10)
MALAYSIA						
KLSE Composite (4/4/86)	471.34	471.67	472.85	472.20	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Tl Rtn Gen (End 1983)	225.1	226 9	226.7	227.7	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	165 7	166.3	166 2	166 9	206.3 (3/1)	165 6 (8/11)
NORWAY						
Oslo SE (Ind) (2/1/83)	678 75	688 75	693.54	706 93	915.13 (2/8)	678 75 (16/11)
PHILIPPINES						
Manila Comp (2/1/85)	645.82	647.54	614.50	610.11	1160 70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	310.23	310 77	311.35	310 87	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1259.04	1254.0	1315 0	1323.0	2230 0 (16/1)	1254 0 (15/11)
JSE Industrial (28/9/78)	2725 04	2719 0	2730.0	2713 0	3211.0 (6/2)	2640 0 (1/10)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	697 46	701.45	704.89	710 06	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	231.64	231.20	230 73	231 70	309 74 (16/7)	209.37 (28/9)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	866.3	862.8	862.5	874 7	1329.9 (5/7)	850.2 (9/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	633.0	641.7	645.3	647 4	845.5 (13/7)	613 4 (28/9)
SBC General (1/4/87)	519 3	523 9	525 6	527 8	698.2 (13/7)	512.4 (28/9)
TAIWAN**						
Weighted Price (30/6/66)	3845 92	3962.95	3850 27	3739 05	12495.34 (10/2)	2560 47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	656 91	655 84	652 13	659.37	1143 78 (25/7)	613.95 (25/9)
WORLD						
M.S. Capital Intl. (1/1/70) (S)	459 9*	460.3	463.2	464.5	571.0 (4/1)	423.1 (28/9)

**Saturday November 10 Taiwan Weighted Price 3502.82 Korea Comp Ex. 697.59

♦ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Telecoms shares retreat on talk of MCI job losses

Wall Street

SHARE PRICES eased yesterday morning after talk of job losses in the telecommunications industry and sporadic profit-taking had reversed early gains, *writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was slightly down at 2,537.13, off 7.92, in steady end-of-week trading. Similar negligible falls were reported in the Standard & Poor's 500, down 0.87 at 316.15 at 1 pm, and the American SE Composite, down 0.31 at 296.36.

The news that the Federal Reserve had signalled an easing of monetary policy via its operations in the credit markets failed to shift stock prices. The Fed's move had been expected all week. October's consumer prices figures also failed to stimulate interest, although the 0.3 per cent rise in core prices was widely regarded as a sign that inflationary pressures were easing in the economy.

The story of the day was the decline in the market's big three telecommunications stocks, AT&T, United Telecom and MCI. The falls were initiated by the news that, because of the downturn in the economy, MCI, the country's second largest provider of long-distance telephone services, was planning a restructuring of its business which might involve the loss of up to 1,500 jobs.

MCI slumped $7¾ to $22¼, a decline of more than 25 per cent. AT&T, the number one in the industry and one of the stock market's five biggest issues, dropped $1⅝ to $31½, and United Telecom fell $3¼ to $21⅞. Telecoms analysts promptly cut their ratings and earnings estimates for MCI in response to the job losses story, warning that the impressive growth rates enjoyed by the industry in the 1980s were unlikely to be repeated in coming years.

A re-rating of the sector appears to be under way, with downgrades of other sector stocks already in the pipeline, although AT&T insisted yesterday that its fundamental business was sound.

Capital Cities/ABC rallied strongly from Thursday's losses to put on $10¼ to $392 in the wake of an analysts' meeting with the company earlier this week, which was said to have been less pessimistic about earnings prospects than expected.

MCA fell sharply, down $2¼ at $65⅝, as hopes faded of an imminent meeting between the company and Matsushita executives to discuss the terms of a possible acquisition of MCA by the Japanese group.

The two big motor stocks were the victims of brokers' downgrades. Ford fell $⅝ to $27⅝ in heavy trading and General Motors $1 to $38¼ as investors took the opportunity to realise profits after the recent gains.

Among other blue chips, IBM rose against the trend, up $⅝ at $113¾ and maintaining recent good form, while General Electric added $⅛ to $55½ after increasing its quarterly dividend to 51 cents a share from 47 cents.

Toys R Us, the big toy retailer which yesterday opened a New York store amid concern about Christmas toy sales, fell $¾ to $22½ in busy trading.

Canada

EARLY GAINS were halved by midsession on the Toronto Stock Exchange as dealers waiting for news of a fall in US interest rates. The composite index gained 6.5 to 3,121.1 on volume of 15.89m shares. Advances led declines by 185 to 164.

BCE Inc, which said it had dropped a bid for a Mexican telephone company, gained C$⅛ to C$39⅞.

Onex Corp was unchanged at C$6⅝ after reporting a decline in third-quarter earnings.

Investors were wary about prospects for Canada's economy. Sales of homes in the metropolitan centres dropped 28.2 per cent in October.

Domestic focus helps Mexico to recuperate

Projected earnings from oil exports have proved medicinal, explains **Richard Johns**

LIKE stock markets worldwide, the Bolsa Mexicana de Valores (BMV) suffered after the sudden eruption of the Gulf crisis in August, and the cut-off of about 4m barrels a day of oil supplies. But since the beginning of October it has started to recover faster than most as a guarded ray of optimism has replaced the contagious gloom.

Having hit a record high of 664,683 on the stock market index in local currency terms on July 25, after the Organisation of Petrolem Exporting Countries reached agreement on pricing policy, the plunge started immediately in reaction to the Iraqi invasion of Kuwait, reaching a low point for the third quarter of 522,083 at the end of September.

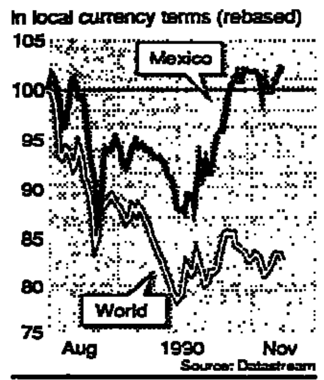
At the close of trading on Thursday, the index had recovered to 610,484. It has been relatively firm this week, reflecting the fall in rates for 28-day Treasury bonds to a record low of 23.9 per cent, and the run-up to a very deflationary budget yesterday from Mr Pedro Aspe, the Minister of Finance.

The reason for the steady restoration of confidence is simple, and based on the somewhat slow realisation that Mexico stands to gain from the Gulf confrontation – as long as the crisis does not lead to a deep and prolonged recession in the US, with which Mexico conducts 65-70 per cent of its trade.

Mexico itself is an oil exporter and in the short-term

FT-A World Indices

In local currency terms (rebased)



Source: Datastream

is benefiting enormously from the windfall profits resulting from the crisis. Sagging exports leapt from a low of 1.21m barrels a day in July to 1.37m b/d in September as Petroleos Mexicanos (Pemex), the state oil corporation, fulfilled the government's pledge to help make up for the global shortfall in supplies.

The BMV recovery has been related to the belated realisation that, as a result of the boost in production, earnings from crude oil exports this year should be US$1.5bn to US$2bn more than receipts of US$7.28bn last year. This will be a significant factor in cutting the country's yawning current account deficit, but it is only one aspect of the rally.

Returning from a meeting of the International Federation of Bourses Mr Jaime Madaraiga Lomelin, President of the BMV and head of the ProBursa brokerage house, told a press conference last month that a recent poll of Mexican investors had shown that 53 per cent of iterviewees were worried most about international events.

This compared with 20 per cent whose main concern was inflation, now forecast to be more than 30 per cent this year, or rather more than double the 15.3 per cent projected in the 1990 Budget.

A similar sample today would show a different result, with people more encouraged by the good domestic prospects than worried by the international situation.

Well aware of the consequences of the reckless spending spree embarked on by the Administration of President Jose Lopez Portillo at the time of the 1979-81 oil price crisis, the Government has decided that the current oil price windfall – however long it lasts – will be split roughly on a 50:50 basis between itself and Pemex, to defray their respective debts.

The share accruing to the government is a major reason why Mr Aspe has been able to present a budget with the lowest deficit for 19 years without any rises in taxes. Prospects for the bolsa now look bullish.

The BMV proved one of the most volatile stock markets during the 1987 crash. But it has emerged in better shape than most from the the third quarter of 1990, during which there was no intervention by the state development bank, Nacional Financiera, which is charged with supporting the market in the event of a collapse of prices.

The performance of the index this year has been better than that of any developed market, according to the FT-Actuaries World Indices. At this point the market is still on a p/e ratio of less than 9, and share prices stand at a whisker below their average net book value.

Foreign investment, through the trust mechanism established at the start of the year and administered by Nacional Financiera, hardly wavered during the crisis and stood at its highest level so far at the equivalent of US$550m early this month.

Mr Oscar Espinoza Villareal, president of Comision Nacional de Valores (CNV), estimates that purchases of equities by non-Mexicans were about US$1.5bn up until the end of October.

That figure does not include portfolio investment in Mexico's proliferating fixed-interest and variable interest funds. Nor does his estimate include over-the-counter Nasdaq trading in the US, in the American Depositary Receipts of half a dozen Mexican companies which have issued them there.

In the meantime the establishment of no fewer than six investment funds dedicated to the BMV by international institutions, the latest being the Emerging Mexico Fund set up by Nomura and Paine Webber, bears witness to the growing interest and confidence in what, under the supervision of CNV, has become a very well regulated market.

EUROPE

Strike shuts Milan as most bourses make modest gains

A MIXED, and occasionally ominous, week for bourses ended with a strike by Italian bourse floor traders, leading to the cancellation of stock and bond trading on the Milan Stock Exchange yesterday after a succession of 1990 lows for the equity market. Blamed on the Italian government's capital gains tax proposals, the strike was expected to last at least until next Wednesday, *writes Our Markets Staff.*

PARIS responded to Wall Street's early gains by finishing the day at its session high: the CAC 40 index rose 14.08 to 1,612.10, a gain of 2.5 per cent on the week against one of 0.8 per cent to 953.01 for the FT-SE Eurotrack index. Price movements were exaggerated, by the paucity of turnover – down from FFr1.8bn to about FFr1bn.

Compagnie Bancaire, the financial services company advanced by FFr21.80 or 4.8 per cent to FFr472. One analyst said that Bancaire was benefiting by comparison with high street banks in that the latter's customers were putting their cash into the money markets; so the banks were having to borrow from the money markets – something which Bancaire, without its own retail network, has always had to do.

Bancaire's stock, therefore, was performing well compared with traditional banks, such as Société Générale, which yesterday gained FFr7 to FFr396.

Accor dropped FFr17 to FFr709 in fairly active trading of 95,800 shares after disappointing third-quarter sales figures, particularly because of a fall in occupancy rates in its top-range hotels. The group made a presentation to analysts on Thursday, but some failed to be reassured about the prospects for what they had regarded as a growth glamour stock.

Eurotunnel rebounded after falling sharply earlier in the week. The shares regained 90 centimes to FFr32.70, a loss since Monday night of 6.4 per cent, with 3.3m traded, while the rights package rose 64 centimes to FFr2.61 compared with a close of FFr3.96 on Monday.

La Rochette was one of the day's biggest losers, falling FFr3.50 to FFr57.70 on profit-taking after its speculative bounce this week.

FRANKFURT ended mixed to slightly higher on an indecisive day, the DAX index closing 4.49 higher at 1,425.68 after a 5.71 rise to 621.26 in the FAX at midsession. Rises on the week were 3.2 per cent and 2.9 per cent respectively.

Volume was flat at DM4.4bn, against DM4.5bn on Thursday. Banking shares moved both ways as their quarterly reporting season approached, Deutsche Bank looking the strongest with a DM4 rise to DM588.50. Chemicals were in similar form in the midst of their season, and carmakers looked relatively subdued after progress reports from Daimler on Thursday and Volkswagen yesterday.

Daimler added DM1.50 to DM576 after a 4 per cent rise in profits after nine months, and VW eased 80 pfg to DM341.70 on a 19 per cent drop in profits over the same period.

However, analysts argued that Volkswagen had discounted the news with its fall ahead of the results, putting the shares on a prospective p/e ratio of 7.4 for 1990, while Daimler was looking somewhat less attractive on a multiple of 11.8.

STOCKHOLM closed with the Affärsvärlden General index 3.5 higher at 866.3, 1.9 per cent up on the week, as turnover slipped from SKr233m to SKr156m. Trading in Asea, Volvo, Astra and Ericsson, all of which produced results this week, accounted for almost half of the total volume.

The latest result to hit the market was a 62 per cent drop in Electrolux profits after an unhappy time in white goods for the consumer durables group. However, the results were in line with market expectations and the shares were unchanged at SKr130.

HELSINKI rose in better volume after the news that unions and employers had agreed the second stage of a two-year settlement on pay and other working conditions. The Unitas all-share index rose 1.3 to 407.8, little changed on the week.

MADRID edged higher in quiet trading, with the general index up 0.44 at 231.64 for a 2.3 per cent rise on the week. The previous day's statement by Mr Mariano Rubio, Bank of Spain governor, that the restrictive monetary policy would remain in place dampened interest.

AMSTERDAM finished mixed after a wave of activity by professionals in the morning passed on. The CBS Tendency index closed unchanged at 95.5, a 2 per cent gain over the week. Royal Dutch dropped to a year's low of Fl 127.10, off Fl 1.70.

ZURICH finished lower amid rumours of disappointing 10-month results from Nestlé, due next week. The Crédit Suisse index fell 3.4 to 467.2, little changed on the week. Nestlé bearers fell SFr240 to SFr7,500 and the registered shares lost SFr320 to SFr7,160 in active trading.

BBC Brown Boveri bearers and registered shares fell SFr140 and SFr25 to SFr4,280 and SFr860, respectively, after ABB Asea Brown Boveri announced a rise in nine-month profits.

OSLO fell to another 1990 low in nervous trading; the all-share index dropped 6.31 to 472.05, a fall of 2.9 per cent during the week, in moderate trading of NKr317m.

ATHENS' general index fell 11.41 or 1.4 per cent to 816.38.

ASIA PACIFIC

Electrical sector leads declines in thin trade

Tokyo

A LACK OF initiative kept equities down yesterday, as dealers led the market and institutional investors continued to look on. Leading electricals once again hit lows for the year, sending shivers through the thin market, *writes Emiko Terazono in Tokyo.*

The Nikkei average opened at the day's high of 23,455.41, and slipped on the selling of futures. At one stage it fell below 23,000 to the day's low of 22,874.39, before recouping some of its losses in the afternoon on index-linked buying, following rumours that Iraq's President Saddam Hussein was ready to release all hostages. It ended 315.85 lower at 23,171.63, a loss on the week of 1 per cent.

Volume remained meagre, and unchanged at 300m shares. Declines led rises by 789 to 193 with 115 unchanged, the Topix index of all first section stocks fell 25.75 to 1,720.12 and, in London, the ISE/Nikkei 50 index rose 11.64 to 1,294.50.

Individuals who placed buy orders on margin during the May rally rushed to sell as the market turned downwards. Margin transactions are required to be settled either by full-cost payment in cash or by a sell-off within six months after the transaction.

Electrical stocks were hurt by a newspaper report which claimed that companies were considering reducing 1-megabit semiconductor production. Hitachi lost Y20 to Y1,080, NEC fell Y20 to Y1,270 and Toshiba lost Y15 to Y700. Together with TDK and Pioneer, they hit their year's lows during the morning.

Mr Hiroaki Hanao at Daiwa Securities said that cancellations of Tokkin funds and other investment trust funds also added to downward pressure. Speculation on this point sent Nissan Motor down Y20 at Y705 in active trading.

Video game makers, popular for the past week, lost ground. Nintendo lost Y200 to Y24,900 in Osaka, while Sega fell Y300 to Y13,900.

Regional banks were stronger, following the merger between Saitama and Kyowa. Toho Bank rose Y200 to Y1,270 and Joyo Bank was up Y130 at Y1,200, although other financials remained sluggish.

Itoman, the troubled trading house, gained Y40 to Y645 on the news that an executive from Sumitomo Bank would become managing director.

Construction issues revived after a bout of profit-taking in the past few days. Nishimatsu Construction rose Y30 to Y1,360 and Tokyu Construction gained Y50 to Y1,190. Both issues were among the most actively traded issues.

In Osaka, large-capital and high-technology issues lost ground. The OSE average fell 539.22 to 26,814.97, while volume remained near Thursday's thin level at 39.4m shares.

Roundup

PROFIT-TAKING hit those markets that had been advancing this week, leaving the region mixed overall.

TAIWAN declined on profit-taking, triggered by the fall in Tokyo, with the weighted index losing 117.03 or 3 per cent to 3,845.82. The market finished the week 10.7 per cent higher. Turnover yesterday fell to T$55.5bn from T$62.3bn.

MANILA also eased as investors took profits; the composite index fell 1.72 to 645.82, an 8.5 per cent gain on the week. Philippine National Bank, which had been leading the week's rally, slipped 8 pesos to 267 pesos. There has been speculation that the bank will announce a large dividend.

AUSTRALIA eased on worries about the falling Tokyo market, comments by the Reserve Bank governor on interest rates and a 20-cent fall in Western Mining shares to A$4.16 after an analyst downgraded the earnings forecast.

The All Ordinaries index lost 5.4 to 1,339.9, a rise on the week of 0.8 per cent. Turnover was A$312m, up from Thursday's A$219m. Elders IXL gained 3 cents to A$1.46 after selling its remaining stake in S.A. Brewing for about A$135m. S.A. Brewing was unchanged at A$2.40.

HONG KONG made a cautious advance, with the Hang Seng index rising 18.19 to 3,008.66 in turnover of HK$969m, up from HK$886m. Overseas institutions bought utilities and selective commercial and industrial stocks.

SINGAPORE ended little changed on the day, as the Straits Times Industrial index edged up 1.94 to 1,118.35, but 2.7 per cent higher on the week. Overall turnover was S$69.6m, compared with S$74m on Thursday.

Singapore Shipbuilding was the most active stock, gaining 3 cents to S$1.50 on a volume of 7.29m shares amid expectations that it would seek a listing for foreign registered stock. Singapore Aerospace foreign shares, making their debut, closed at S$2.04 after rising to S$2.20 earlier, with 3.18m traded.

SOUTH AFRICA

JOHANNESBURG gold stocks edged higher after their recent weakness, as the rally in the financial rand petered out. Trading remained quiet, however, as the all-gold index rose 5 to 1,259. Southvaal rose R1.50 to R90.50.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 15 1990								WEDNESDAY NOVEMBER 14 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (77)	123.54	−0.2	93.45	100.94	94.84	106.62	−0.1	7.43	123.76	93.54	101.39	94.68	106.72	158.31	118.98	146.57
Austria (19)	199.15	−0.7	150.64	162.71	152.88	152.90	−0.4	1.79	200.63	151.65	164.37	153.49	153.45	285.63	178.57	144.23
Belgium (61)	138.26	−0.8	104.58	112.95	106.13	103.82	−0.6	5.58	139.31	105.29	114.11	106.57	104.44	160.02	126.57	143.07
Canada (120)	124.89	−0.3	94.47	102.03	95.86	105.08	−0.5	3.82	125.25	94.67	102.60	95.81	105.57	153.61	121.24	149.16
Denmark (33)	253.25	−0.7	191.56	206.91	194.40	195.56	−0.4	1.52	255.15	192.85	209.03	195.20	196.42	277.62	234.05	221.50
Finland (25)	105.18	−0.6	79.56	85.94	80.74	78.37	−0.6	3.89	105.82	79.99	86.70	80.96	78.81	152.29	98.91	121.37
France (122)	138.90	−0.4	105.07	113.47	106.61	108.61	+0.0	3.81	139.51	105.45	114.28	106.72	108.60	168.85	124.98	132.72
Germany (91)	115.78	+0.6	87.58	94.60	88.87	88.87	+0.9	2.56	115.09	86.99	94.29	88.04	88.04	144.63	101.38	98.22
Hong Kong (48)	122.09	−0.6	92.35	99.75	93.72	122.15	−0.5	5.42	122.77	92.80	100.58	93.93	122.82	147.49	112.24	117.97
Ireland (17)	152.37	+0.1	115.26	124.49	116.96	118.23	+0.4	4.42	152.17	115.01	124.66	116.41	117.74	198.57	139.04	157.41
Italy (91)	79.41	−1.0	60.06	64.87	60.95	66.06	−0.6	3.72	80.25	60.65	65.74	61.39	66.46	109.26	79.41	88.30
Japan (454)	128.27	−1.2	97.02	104.80	98.48	104.80	−1.6	0.81	129.81	98.11	106.34	99.32	106.34	197.28	106.58	187.38
Malaysia (35)	194.01	−0.1	146.75	158.50	148.92	201.33	−0.3	3.12	194.28	146.84	159.15	148.62	201.91	250.89	182.96	196.23
Mexico (12)	551.94	+0.5	417.50	450.94	423.68	1774.17	+0.7	0.39	549.29	415.17	449.99	420.22	1762.05	561.41	324.53	289.69
Netherland (41)	133.84	−0.2	101.24	109.35	102.74	101.71	+0.2	5.29	134.07	101.33	109.83	102.57	101.52	149.03	127.56	126.28
New Zealand (16)	48.12	−0.7	36.40	39.31	36.94	41.89	−0.5	8.02	48.45	36.62	39.69	37.07	42.11	75.36	48.12	75.38
Norway (27)	221.53	−0.9	167.57	180.99	170.06	174.02	−0.6	1.78	223.53	168.95	183.12	171.01	175.14	276.79	202.34	171.60
Singapore (25)	155.17	+0.4	117.38	126.78	119.11	122.31	+0.3	3.61	154.50	116.78	126.57	118.20	121.93	209.24	147.24	156.22
South Africa (60)	170.49	+3.0	128.96	139.29	130.87	128.73	−1.9	4.23	165.47	125.07	135.55	126.58	131.28	251.39	151.50	164.64
Spain (42)	147.56	−0.3	111.62	120.56	113.27	105.25	+0.1	5.27	148.07	111.92	121.31	113.28	105.16	182.25	128.54	150.01
Sweden (27)	166.15	+0.4	125.68	135.75	127.55	136.64	+0.7	2.97	165.45	125.05	135.54	126.58	135.63	234.93	158.07	168.79
Switzerland (68)	91.91	−0.9	69.52	75.10	70.56	71.31	−0.4	3.00	92.72	70.08	75.96	70.94	71.62	109.77	85.00	85.45
United Kingdom (298)	161.48	+0.6	122.15	131.92	123.95	122.15	+0.7	5.68	160.54	121.34	131.50	122.80	121.34	178.18	139.87	142.49
USA (533)	127.99	−1.0	96.81	104.57	98.25	127.99	−1.0	3.65	129.29	97.72	105.92	98.91	129.29	148.95	119.06	138.34
Europe (962)	135.81	+0.1	102.73	110.96	104.25	103.76	+0.4	4.47	135.65	102.53	111.13	103.78	103.37	157.65	124.91	124.48
Nordic (112)	178.90	−0.3	135.32	146.16	137.33	138.79	+0.0	2.21	179.45	135.63	147.01	137.28	136.81	223.29	172.38	167.25
Pacific Basin (655)	127.55	−1.1	96.48	104.21	97.91	105.10	−1.4	1.21	128.98	97.50	105.68	98.69	106.56	192.75	107.82	183.06
Euro−Pacific (1617)	131.26	−0.6	99.29	107.23	100.75	105.31	−0.6	2.59	132.05	99.81	108.17	101.02	105.99	174.18	119.03	159.70
North America (653)	127.71	−1.0	96.60	104.35	98.05	126.48	−1.0	3.85	128.95	97.47	105.65	98.67	127.73	148.43	119.26	138.88
Europe Ex. UK (664)	119.69	−0.2	90.54	97.81	91.90	92.83	+0.2	3.60	119.96	90.67	98.29	91.79	92.66	145.62	109.94	112.56
Pacific Ex. Japan (201)	118.37	−0.3	89.54	96.72	90.87	105.56	−0.2	6.30	118.70	89.72	97.25	90.82	105.81	146.72	116.03	131.17
World Ex. US (1809)	131.67	−0.5	99.60	107.59	101.08	105.96	−0.6	2.64	132.39	100.07	108.47	101.29	106.65	173.77	117.12	159.46
World Ex. UK (2044)	126.23	−0.9	95.48	103.14	96.91	111.90	−0.9	2.73	127.33	96.24	104.32	97.42	112.96	162.00	115.37	151.71
World Ex. So. Af. (2282)	129.11	−0.7	97.66	105.49	99.12	112.78	−0.8	3.04	130.06	98.31	106.56	99.51	113.64	161.84	118.04	150.79
World Ex. Japan (1888)	131.21	−0.5	99.25	107.21	100.73	117.16	−0.4	4.19	131.81	99.63	107.99	100.85	117.65	151.59	124.31	133.55
The World Index (2342)	129.36	−0.7	97.85	105.69	99.31	112.90	−0.8	3.05	130.26	98.47	106.73	99.67	113.77	162.05	118.33	150.87

Constituent change 16/11/90: Deletion: Queensland Cement (Australia). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	1990 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99 13/32	97 7/8	Treas 11¾pc 1991	99 15/32	.....	11.80	13.74
98½	92 7/8	Funding 5¾pc '87–91‡‡	98½	.....	5.86	10.89
96¾	89¼	Treas. 3pc 1991	96¾	.....	3.10	9.71
98 [illegible]	94 [illegible]	Treas 10pc Cv '91 ‡‡	98 [illegible]	+1/16	10.11	11.86
99½	94 [illegible]	Exch. 11pc 1991	99 [illegible]	.....	11.06	11.56
96 [illegible]	90 [illegible]	Treas. 8pc 1991	96 5/8xd	.....	8.28	11.43
101 [illegible]	97 [illegible]	Treas 12¾pc 1992‡‡	101 [illegible]	.....	12.60	11.56
98 [illegible]	92¾	Treas 10pc 1992	98 [illegible]	+1/16	10.20	11.58
95 [illegible]	89 [illegible]	Treas. 8pc 1992 ‡‡	95 [illegible]	+⅛	8.36	11.37
98¾	93 [illegible]	Treas 10½pc Cv 1992‡‡	98¾	+[illegible]	10.63	11.48
91 [illegible]	82 [illegible]	Treas. 3pc 1992	91 [illegible]xd	+[illegible]	3.29	9.33
101 [illegible]	95 [illegible]	Exch. 12¼pc '92	101 [illegible]	+[illegible]	12.12	11.50
104	98 [illegible]	Exch 13½pc 1992	103 [illegible]	+[illegible]	11.38	11.44
93 [illegible]	86 [illegible]	Treas 8¾pc 1993	93 [illegible]	+[illegible]	11.30	11.39
97 [illegible]	90 [illegible]	Treas 10pc 1993‡‡	97 [illegible]	+[illegible]	11.20	11.26
103 [illegible]	96 [illegible]	Treas 12½pc 1993‡‡	102 [illegible]	+[illegible]	11.29	11.34
89 [illegible]	82	Funding 6pc 1993‡‡	89 [illegible]	.....	10.29	10.28
107 [illegible]	99¾	Treas 13¾pc 1993‡‡	106 [illegible]xd	+[illegible]	11.31	11.35
92 [illegible]	84¾	Treas. 8½pc 1994	92 [illegible]	+[illegible]	11.28	11.34
111 [illegible]	102 [illegible]	Treas 14½pc 1994‡‡	109 [illegible]	+[illegible]	11.07	11.14
107 [illegible]	99¼	Exch 13½pc 1994	106¼	+[illegible]	11.22	11.29
97 [illegible]	88 [illegible]	Treas. 10pc Ln. 1994‡‡	96 [illegible]xd	+[illegible]	11.11	11.18
104 [illegible]	96 [illegible]	Exch. 12½pc 1994	103 [illegible]	+[illegible]	11.24	11.30
93 [illegible]	85	Treas 9pc 1994‡‡	93 [illegible]	+[illegible]	9.67	11.25
103 [illegible]	94 [illegible]	Treas 12pc 1995	102½	+[illegible]	11.71	11.19
81¼	73	Exch 3pc Gas 90–95	81¼	.....	3.69	8.09
97 [illegible]	88 [illegible]	Exch. 10¼pc 1995	96 [illegible]	+[illegible]	10.63	11.21

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5	£9½	....	Q28%	2.1	8.8	5.3
303	145	ANZ SA1	149	+4	44c	1.4	12.0	5.9
233	172	Abbey National 10p	217	+3	5.7	4.3	3.5	8.8
°274	128	Allied Irish Ord.	142	....	†Q40%	3.3	6.5	6.3
85	47	Anglo Irish	53	....	†Q18.7%	2.7	7.9	7.6
93	61	Ansbacher (H.) 1p	61	....	2.5	1.3	5.5	17.6
£71½	£32	Bancaire Cie Fr100	£46½	[illegible]	[illegible]	–	2.8	–
£22½	£13¼	Banco Bilbao Viz.	£13¼	[illegible]	Q49.1%	2.7	6.0	9.1
286	130	Bank Ireland I£1	143	....	Q14.7%	2.9	9.4	4.9
£19½	£18	Bank Leumi	£19½	....	–	–	–	–
351	320	Bank Leumi (U.K.)	350	....	†15.0	–	5.7	–
129½	100	Bank Scotland	107	+1	†4.55	3.4	5.7	6.8
100¾	83¼	Do. 9¼pc Ird Pf.	95¼	+½	9¼%	–	12.9	–
54	39	Bank of Wales	42	....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	357	+8	†h19.57	3.5	7.3	4.9
22	10	Benchmark 20p	10	....	0.75	–	10.0	–
335	238	Brown Shipley £1	245	....	12.0	2.2	6.5	7.9
°435	285	Cater Allen £1	363	+2	F24.5	–	9.2	–
179	29	Chancery	37	....	9.0	2.7	–	1.5
£23¼	£14	Commerzbk DM10	£15	+1¼	Q18%	–	4.2	–
£13¼	620	Dai Ichi KBk Y50	713	+13	Q17%	6.2	0.5	33.7
°£313½	£189	Deutsche Bk DM50	£203½	+2¼	Q28%	–	2.3	–
£20	£14½	Espirito Santo	£15½	....	Q75c	5.1	2.4	8.0
255	166	First Nat. Fin. 10p	178	....	13.0	2.1	9.7	6.1
121	82	FNFC 6.3pc Cv. Pf.	98	+1	6.3%	–	9.3	–
£13¼	633	Fuji Bank Y50	828	–6	Q17%	6.9	0.4	34.9
325	262	Gerrard & National	288	....	19.0	–	8.8	–
154	85	Guinness Mahon 10p	85	....	2.1	–	3.3	–
328	194	Hambros 20p	224	+3	11.5	–	6.8	–
128	88	Do. 7.5pc Cv Pf.	94	....	7½%	–	10.6	–
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

هكذا من الاصل

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MOTORS, AIRCRAFT TRADES—Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST—Contd

[illegible]

INVESTMENT TRUST—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

For York Trust see Babcock Prebon

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ✤ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 ♥	700	......
Finlay Pkg. 5p ♥	38	......
Holt (Jos) 25p ♥	1305	......

IRISH

Cap. 8½% Ln. 1991	£98¼	......
9pc Cap Ln. 1996	£93	-⅛
Fin. 13% 97/02	£110½	......
Arnotts	170	......
Carrol (P.J.)	154	......
Helton Hldgs. ♥	45	-6
IRG	153¼	......
United Drug	133	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	45
BOC Grp.	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	10½
Brit. Telecom	22
Cadburys	26
Charter Cons.	37
Comm Union	37
Courtaulds	25
Eurotunnel	40
FKI	5¼
FNFC	20
Gen Accident	37
GEC	14
Glaxo	57
Grand Met.	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd.	39
ICI	70
Ladbroke	22
Legal & Gen.	29½
Lex Service	28
Lloyds Bank	21
Lucas Inds.	11
Marks & Spencer	18
Midland Bk.	20
Nat West Bk.	18
P & O Dfd.	42
Racal Elect.	14
RHM	23
Rank Org Ord.	49
Reed Intnl	30
STC	19½
Sears	8½
SmKl. Beecham A.	44
TI	37
TSB	10
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	50
Vickers	19
Wellcome	38

Property	
Brit Land	24
Control Secs.	3½
Land Securities	42
MEPC	38
Mountleigh	11

Oils	
Aviva Petim.	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petim	20
Gaelic Res.	2
Premier	8½
Shell	40
Tuskar Res.	6
Ultramar	31

Mines	
Lonrho	21
RTZ	40

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FINANCIAL TIMES
Weekend November 17/November 18 1990

IBA in threat to BSkyB licence

By Raymond Snoddy

BRITISH Sky Broadcasting, the merged satellite television venture, was warned yesterday *that it may not get permission* to run its new five-channel service from the UK.

The venture, formed from the merger of British Satellite Broadcasting and Mr Rupert Murdoch's Sky Television, plans after an interim period to end broadcasting from the BSB satellite and concentrate the combined five-channel service on the Luxembourg-based satellite, Astra.

The IBA warned yesterday that, under the new Broadcasting Act, a "non-domestic service" on a satellite such as Astra would require a licence from the new Independent Television Commission.

In a clear warning to the new company, the authority said the shadow ITC would be giving careful consideration to *the implications of an application* for such a licence. Under the Broadcasting Act the ITC *can refuse a licence to an applicant* who is not "a fit and proper person to hold it".

It is being suggested that the shareholders of the original BSB – Granada, Pearson, owner of the Financial Times, Reed International and Chargeur – might be judged unfit to hold a licence because they had broken their contract with the IBA by going ahead secretly with the merger.

Without a licence, BSkyB could not send its service to the Astra satellite from the UK. It is not clear, however, whether the legal definition of who is a "fit and proper person" can be extended to cover breach of contract.

The IBA said that the behaviour of the original BSB *shareholders had been a serious* breach of BSB's programme contract. The contract would be *terminated, but not immediately* to protect the interests of viewers with BSB Squarials.

After a transition period, the IBA intends to try to find another broadcaster interested in using the high power frequencies licensed to BSB. IBA officials believe there is a "realistic", if slim, chance of finding a rival for BSkyB.

"The shadow ITC will be inviting interested parties as soon as possible to inform it of their proposals for the use of such frequencies," the authority said.

Under the BSB contract, the new user of the frequencies has the right to buy the £400m BSB satellite for a "fair price". The IBA/ITC decides what is fair in the circumstances.

Boris Yeltsin at yesterday's Supreme Soviet session, where he warned: 'The people's patience is ending'

Yeltsin calls for crisis action

By Quentin Peel and Leyla Boulton in Moscow

MR BORIS Yeltsin, the Russian president, and leaders of other Soviet republics yesterday *called for the creation of an* all-union anti-crisis committee to tackle growing chaos in the country.

Mr Yeltsin's call came during an extraordinary session of *the Supreme Soviet, the all*-union parliament, at which the future of the Soviet Union was debated.

The session had been called by deputies in the face of increasingly severe food shortages, soaring inflation, growing dislocation of economic life and rising political tension across the country.

The anti-crisis body would take over all key functions of the present union government, which is facing a profound public crisis of confidence in an escalating legislative war *with the 15 republics*.

At the same time, Mr Yeltsin said that the authority of President *Mikhail Gorbachev should be reinforced to cope with the* economic and constitutional conflict in the country.

The new demand followed a proposal by Mr Gorbachev to overhaul but not to replace his present *administration, headed* by Mr Nikolai Ryzhkov, the prime minister, in the face of a *barrage of criticism over the* country's deepening economic and political plight.

The Soviet leader also announced plans to shake up the leadership of the Soviet military establishment, a source of strong conservative opposition to present reforms.

Mr Gorbachev faced probably the most sceptical audience of his leadership during the debate. In the event, he failed to persuade many deputies of the coherence of his reform plans and failed to convince the leaders of the republics to *back his call for a moratorium* on conflicting laws passed by their parliaments.

"The economic and political crisis in the country has come to a head," Mr Yeltsin said. "The people's patience is end*ing, and an explosion could* occur at any time."

He called for food rationing *on a national scale and the* immediate use of strategic food reserves, while also turning to the west for food aid.

Earlier, Mr Gorbachev admitted that food supplies had deteriorated, but insisted that the country had enough for the winter. The crucial problem was distribution, he said, and he strongly attacked the republics for refusing to fulfil their contracts with neighbouring regions and the big industrial cities.

He rejected accusations that the central government had no coherent programme to tackle the crisis, but agreed that nonetheless the administration would undergo "radical changes" in the near future.

He promised proposals for an *overhaul of the government structure within 10 days*, almost certainly abolishing many of the current plethora *of central ministries*.

Mr Gorbachev declared that the most urgent task for the *country was the signing of a* new Union Treaty, which would define the respective powers of the republics and the central government – inevitably granting far greater autonomy to the republics.

In the meantime he called for a moratorium "on decisions that give rise to arguments" over the issue of competence. "Otherwise we shall be paralysed, and will not be able to overcome the paralysis."

Yet speaker after speaker rejected his plans as inadequate, while at least four union republics have served notice that they are not prepared to sign the new Union Treaty in any form. They are the three Baltic republics and Georgia. Armenia and Moldova are also wavering.

Power shares likely to have 8.4% yield

By Clare Pearson and Juliet Sychrava

SHARES in the regional electricity companies are expected to have an initial average dividend yield of about 8.4 per cent when the terms of the privatisation flotation are announced on Wednesday.

Fixing the yield is the central decision in pricing the shares because it is on that basis that professional investors will judge their attractiveness.

The fully-paid share price will be in the range of 230p to 250p.

The final pricing decisions will not be taken until early next week in case market sentiment changes. Printing schedules for the flotation prospectus dictate that Mr John Wakeham, energy secretary, will not be able to wait until the results of the Conservative party leadership ballot on Tuesday. Government advisers believe the narrow yield range of 8.35 per cent to 8.4 per cent being considered takes full account of any uncertainty. This is the yield on full-paid shares. Investors are intially being asked for 100p per share.

By tomorrow night, the government will have determined the number of shares allocated to each company and how they will rank in terms of bigger or smaller yields. This handicapping system is intended to make all 12 look equally attractive by awarding companies likely to be viewed as weaker more generous yields. The likely take-up of shares by local customers, which will affect the initial trading, will be taken into account.

The range between the individual yields is expected to be about 1 percentage point. Manweb, South Wales and Northern are expected to have the highest yields and Southern and Eastern the lowest.

THE LEX COLUMN

Taking recession on the chin

The resilience of the London market this week is encouraging evidence that the fact of UK recession is already in the price. The combination of poor company results, the highest rise in unemployment for four years, the sharpest fall in industrial output since the last recession and inflation stuck at 10.9 per cent produced a net rise in the FT-SE of 17 points. The drop in the oil price below $30 doubtless helped; but it is the more striking that fund managers should have continued to nibble at equities at a time when sterling was clearly rattled by the upheavals in the Tory party.

The Gulf apart, the chief international influence on the market is probably the behaviour of US bonds. Little more than a month ago, the yield on the long bond was almost 9.1 per cent. It is now 8.5 per cent, and Wall Street is 170 points higher as a result. But this needs to be interpreted with care.

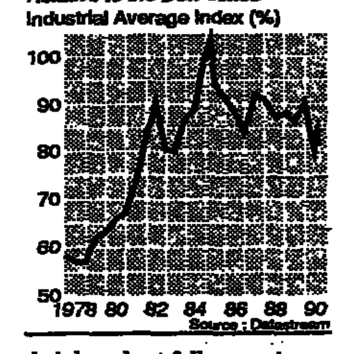
It may be that US bonds are embracing the recession as the means of bringing down inflation and interest rates. But to the extent that the rise represents a flight to quality in a rickety financial system, there is the less reason for it to feed through to equities.

It is also possible to quibble *with the markets' growing feel*ing that there will be no war in the Gulf simply because things *have gone quiet. But if that* assumption holds good until the year end, there might be *room for London's traditional* December rally. Whether it survives the New Year and the gloomy prospect of a recession-hit 1991 is another matter.

FT-SE Index: 2,068.0 (+8.0)

FT-SE 100 Index

Relative to the Dow Jones Industrial Average Index (%)



Art markets

When Alan Bond and Sotheby's made their joint purchase of Van Gogh's "Irises" for $53.9m shortly after the 1987 stock market crash, they reassured the art world that its own bull market was still healthy. But with this week's turnover figures from the New York sales *came proof that the* speculative excess which peaked with the $82.5m sale of *"Portrait of Dr Gachet" in May* has finally burnt off. Yes, collectors will still pay top prices *for quality paintings, particu*larly Impressionists. But the contemporary market has *bombed spectacularly*, putting around 10 per cent of the auction houses' profits under threat.

It is tempting to see this as a delayed reaction to wider patterns of declining asset values. Stock and property markets shrink and art follows as investors think more clearly about intrinsic values and it becomes harder to borrow money. But it is not that simple.

For a start, the auction houses are as skilful at limiting the market's downside as they are quick to fan the flames in the good times. By turning away pictures or so lowering estimates that sellers retreat, they are carefully controlling the supply base.

Given the robust health of other sectors of the art market, jewels for instance, it seems paintings are independently *suffering* an overdue fall from their break with historic trends between 1985 and last *year. The short-term effect on* auction house profits is undeniable. Within the past year, *Sotheby's share price in New* York stood at $33. It is now a third of that.

PowerGen

The abrupt resignation of PowerGen's chairman is a timely reminder that, however smooth the privatisation of the electricity distributors, the generators are a very different matter. The link between Mr Malpas's departure and the Hanson episode is unclear; but the result is that both generators have mislaid their chair*men halfway through the pri*vatisation process. It ought not *to have been beyond the wit of man to delay this latest* upheaval until the sale of the distributors in three weeks' *time. But given the record of* the generators to date, this is par for the course. Everything *can be privatised at a price*; but each fresh mishap risks pushing the price lower.

Brent Walker

The deal struck between Brent Walker and its banks is welcome in the sense that a company owing £1.4bn is not being allowed to go under. It is unsatisfactory in almost every other respect. Shareholders have been required to vote through a highly dilutive bond issue in the absence of material facts. Because of the unrealistic pricing of the issue, Mr Walker's equity holding will rise above its present level of almost 25 per cent. Much of the remaining equity will go to shadowy supporters in various parts of the world.

The perverse aspect is that shareholders might be better served by Mr Walker standing down. His undoubted talents are those of a master-dealer; but this is not a dealer's market. An important reason for the banks' support will have been the more humdrum earning power of the company's assets, the pubs and betting shops in particular. But even at yesterday's 89p, the shares are on a historic p/e of less than one. Suppose the business were handed to a professional manager who could not only run those assets but produce profit numbers the market could believe in. What price Brent Walker then?

Politics

The London stock market has a cruel habit of dismissing great affairs of state as mere sideshows compared with really important matters like inflation, sterling and corporate earnings. Looking back over the *times since* 1945 when a ruling political party has had to change its leader, the striking thing *is how little the* stock market has cared who ended up with the job.

Anthony Eden's resignation in January 1957 was hardly noticed by gilt and equity markets, which were already into a bull phase that had started during the Suez crisis. As for the Conservative party's problems in 1963, the equity market did not like the Profumo affair: the FT-30 index dropped 3 per cent to 302.6 points in the week after the minister resigned. But by October 11, when news broke of Mr Macmillan's depar*ture as prime minister, the* FT-30 was back at 338. It went on rising until the following *February, in spite of the* Tories' choice of Sir Alec Douglas-Home. As for Harold Wil*son's sudden resignation* in March 1976, the FT-30 promptly dropped 2 per cent to 400, went back up to 405 when Mr Callaghan was elected his successor, then plunged to 265 during the IMF crisis that autumn. No pattern there, just blind panic.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				**PARIS (PFrs)**			
Rises				**Rises**			
Continental AG	203.5	+	12	Bancaire Cie	472	+	21.8
Leifheit	745	+	15	Casino	138	+	7.8
Spring Axel Rg	772	+	17	*Lafarge Coppee*	*340.1*	+	*12.3*
Falls				**Falls**			
Bill & Berg	818	–	9	Accor	709	–	17
Douglas Hldgs	848	–	17	Eurafrance	1300	–	50
Varta	293	–	7	OFP	1560	–	30
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Cap Cities ABC	382	+	$10\frac{1}{2}$	*Itoman*	*645*	+	*40*
IBM	$113\frac{3}{4}$	+	$\frac{3}{4}$	Kyosan Elec	1620	+	120
Falls				Tokyu Cnstrn	1190	+	50
Ford	$27\frac{5}{8}$	–	$\frac{5}{8}$	**Falls**			
MCA	$65\frac{5}{8}$	–	$2\frac{1}{4}$	Misubishi Heavy	652	–	18
Toys R Us	$22\frac{1}{2}$	–	$\frac{3}{4}$	Nippon Steel	400	–	5
United Telecom	$21\frac{7}{8}$	–	$3\frac{1}{4}$	Nissan Motor	705	–	20
New York prices at 12.30.							
LONDON (Pence)							
Rises				Sturge Hldgs.	234	+	22
Beaverco	30	+	5	**Falls**			
Bennett Fntn.	16	+	6	Davies Newman	75	–	10
Bradstock	258	+	25	Gates (F.G.)	68	–	13
Eurotunnel New	108	+	33	Glaxo	778	–	12
Gen. Accident	465	+	20	Hawtal Whiting	90	–	25
Heath (C.E.)	440	+	13	Int. Resort	44	–	12
Lonrho	195	+	10	Next	22	–	3
McLaughlin Hrvy	130	+	30	Sanderson Elcl.	125	–	30
RMC	612	+	15	Severfield	30	–	16
600 Group	45	+	5	Wellcome	368	–	$15\frac{1}{2}$
SmKl. Beecham	579	+	13				

WORLDWIDE WEATHER

UK today: Cloudy with rain or drizzle and coastal fog in western areas. Windy with gales in some parts, but mild in southern England. Outlook: Turning fresher.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	Dallas †	S	14	57	Madeira	S	21	70	Prague	F	8	48
Algiers	C	17	63	Dublin	Dr	14	57	Madrid	S	19	66	Reykjavik	S	5	41
Amsterdam	R	13	55	*Dubrovnik*	C	20	68	*Majorca*	C	18	64	Rhodes	S	21	70
Athens	F	21	70	Edinburgh	R	14	57	Malaga	S	20	68	Rio d'Janeiro		–	–
Bahrain	S	26	79	Faro	S	24	75	Malta	R	18	64	Rome	C	18	64
Barcelona	S	20	68	Florence	F	16	61	Manchester	C	14	57	Salzburg	S	10	50
Belfast	R	13	55	Frankfurt	C	9	48	Melbourne	C	15	59	S'Francisco †	F	12	54
Belgrade	C	5	41	Geneva	S	10	50	Mexico City		–	–	Santiago		–	–
Berlin	C	11	52	Gibraltar	S	21	70	Miami †	F	23	73	Seoul	S	16	61
Biarritz	F	16	61	Glasgow	R	13	55	Milan	S	10	50	Singapore	F	30	86
Birmingham	C	15	59	Guernsey	C	13	56	Montreal †	C	8	46	Stockholm	C	7	45
Blackpool	R	13	55	Helsinki	R	1	34	Moscow	Sn	-2	28	Strasbourg	F	10	50
Bombay	S	34	93	Hong Kong	C	25	77	Munich	S	9	48	Sydney	S	21	70
Bordeaux	C	15	59	Innsbruck	S	4	39	Nairobi	C	19	66	Tangier	C	19	66
Boulogne	Dr	13	55	Inverness	R	8	46	Naples	C	18	64	Tel Aviv	S	28	82
Bristol	C	14	57	Isle of Man	R	14	57	Nassau		–	–	Tenerife	S	23	73
Brussels	C	11	52	*Istanbul*	S	18	64	*Newcastle*	R	15	59	*Tokyo*	S	17	63
Buenos Aires		–	–	Jersey	Dr	13	55	New Delhi	S	28	82	Toronto †	S	12	54
Budapest	C	6	43	Johannesburg	F	22	72	New York †	S	12	54	Tunis	T	15	59
Cairo	S	29	84	Las Palmas	S	24	75	Nice	S	19	66	Valencia	S	21	70
Cape Town	S	26	79	Leeds	R	16	59	Nicosia	S	24	75	Venice	S	15	59
Cardiff	C	14	57	Lisbon	S	19	66	Oporto	S	19	66	Vienna	S	11	52
Chicago †	C	14	57	Locarno	C	15	59	Oslo	S	5	41	Warsaw	C	9	48
Cologne	C	10	50	London	Dr	15	59	Paris	C	12	54	Washington †	S	5	41
Copenhagen	C	10	50	Los Angeles †	S	14	57	Peking	S	12	54	Wellington	S	17	63
Corfu	F	19	66	Luxembourg	C	8	46	Perth	C	21	70	Zurich	F	9	48

C – Cloudy Dr – Drizzle F – Fair. Fg – Fog. H – Hail. R – Rain. S – Sunny Sl – Sleet. Sn – Snow T – Thunder
† Noon GMT temperatures

Fed's action suggests an easing of monetary policy

By Michael Prowse in Washington and Patrick Harverson in New York

THE US Federal Reserve appeared to signal a modest easing in monetary policy yesterday following *publication* of encouraging consumer price inflation figures for October.

The fall of Fed funds rate towards 7.5 per cent came as policymakers in Washington expressed growing concern about gathering recessionary forces in the economy.

The Fed, *the US* central bank, sent its message to the financial markets via an injection of an estimated $3bn to $4bn (£5.9bn to £7.8bn) of liquidity into the banking system. *The Fed's actions*, which had been expected since the policymaking Open Market Committee met on Tuesday, pushed Fed funds – the rate at which banks lend money to *each other overnight – down* from 7.75 per cent towards 7.5 per cent, which is thought to *be the target rate wanted* by the authorities.

Fed funds remained above *7.5 per cent during trading* yesterday but analysts expect the rate to drop towards the Fed's *target early next week*.

The Fed acted after the release of statistics which showed that consumer prices rose 0.6 per cent in October compared with a 0.8 per cent rise in both August and Sep*tember. However, the closely* watched "core" inflation rate, which excludes energy and *food prices, rose only 0.3* per cent for the second month in succession.

Signs of a softening economy were reinforced by a narrowing in the US trade deficit in September to $9.4bn from $9.7bn in August, in spite of a sharp increase in petroleum imports. The non-petroleum deficit narrowed to $3.8bn against $5bn in August as imports fell.

Real earnings figures released yesterday also indicated economic weakness. The *Bureau of Labour's index fell* 2.1 per cent in October, partly because average weekly hours worked *fell 1.4* per cent.

In a television interview late on Thursday, President George *Bush conceded that the econ*omy had entered a downturn. After a series of meetings with *advisers and business leaders*, he indicated the depth of any recession would depend on *events in the Gulf*.

The latest figures follow earlier signs of fading growth. *Industrial production fell 0.8* per cent last month, roughly twice as much as expected. Other figures showed *stagnant* retail sales figures and a rise in business inventories.

On Thursday, researchers at *the University of Michigan* reported a 24.3 point fall in their widely watched index of *consumer confidence*, the sharpest decline in 44 years.

Mr John Paulus, chief econo*mist at Morgan Stanley, said* the inflation figures were encouraging, and the big fall in industrial production in October "marked the beginning of the recession". But he forecast *a relatively mild downturn. It* was not a repeat of 1973-75 or 1981-82, he said.

Other analysts were more cautious. Mr Roger Brinner of DRI/MacGraw Hill said: "Until *I see consumer spending really* fall, I don't feel we're in a recession. It hasn't quite hap*pened yet.*"

The 0.6 per cent rise in consumer prices in October took *the year-on-year increase to 6.3* per cent compared with 4.7 per cent for the whole of 1989. *Inflation in the goods-produc*ing sector of the economy is modest, with an underlying *year-on-year increase of only* 3.4 per cent in October.

The September trade deficit *of $9.41bn brought the deficit* for the year so far to $74.3bn compared with $82.5bn in the *same period last year*. Imports in September dropped 2.4 per cent to $41.3bn while exports dropped 2.2 per cent to $31.8bn.

Inflation at 10.9%

Continued from Page 1

rates will reduce the RPI by 0.5 *points. The annual inflation* rate should also fall as last autumn's mortgage rate rises drop out of the year-on-year comparison.

A fall in the price of petrol from an average £2.35 a gallon in October to nearer £2.17 this month should reduce the index by 0.3 percentage points. This will be partially offset by higher food prices.

October's *rise in underlying* inflation reflected widespread price increases. Higher oil prices pushed up the cost of heating oil and motoring. Other significant prices rises were those for food, alcohol in public houses and postal and telephone charges.

The tax and price index, which measures the increase in gross taxable income needed to compensate tax payers for any increase in retail prices, rose 10.8 per cent in the year to *October, against 9.4 per cent in* September. This reflected a reform of national insurance *payments which had depressed* the index in October 1989.

The RPI in October was 130.3 (1987 = 100) from 129.3 in September.

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Weekend FT

SECTION II

Weekend November 17/November 18 1990

The old order changes

***Norma Cohen** asks leading independent heads which school they think is top of the academic league*

HARROW? Rugby? Marlborough? Shrewsbury? Where are they now? Not among the top ten 10 English independent schools for academic excellence according to the elite schools themselves.

The leading group is dominated by former grammar schools more likely to be attended by the middle and working classes than by the rich and titled. Of the 12 "great" public schools listed by the Clarendon Commission in 1861, only four would make it into today's top 10.

Of the 50 headmasters, senior masters, academics and examiners who helped us to compile the ranking, not one mentioned Harrow, Rugby, Merchant Taylors', or Shrewsbury as being academically superior, while Charterhouse was only named in passing. "It tends to be dominated by stockbrokers' sons. It leads to a certain moral climate," one headmaster sniffed, when asked about the school.

Of the other "great" schools listed by Clarendon – Marlborough, Cheltenham and Wellington – not a single academic believed them worthy of inclusion in a top 10 list.

In a country strongly influenced by its public schools, attempts to rank institutions fall just this side of incitement to riot. Headmasters, asked to place their own schools, to a man, described such efforts as pointless. "Some of the most important things in education are things which cannot be measured by statistics," said Dr Eric Anderson, headmaster of Eton College.

Privately, heads were anxious to evaluate their competitors' schools and equally anxious to learn what others had said about them.

We decided to ask leading figures in the independent sector, Oxbridge admissions tutors and A level examiners, for their list of the best schools in order of academic merit. Every head whose school was mentioned was then consulted about the placing of his or her school. All co-operated and provided insights into their own and competitors' performance as well as A level statistics, which are not widely available. A final list was then drawn up. While some other schools may have academic track records equal to those on our top ten, none received a significant number of nominations from their peers to merit inclusion.

In preparing our ranking, we have cast aside considerations of social connections and prestige and focused on academic excellence. Does the school turn out gentlemen or ladies? We decided not to ask.

Surprisingly, perhaps, there was wide agreement about which schools produce the best scholars and why. And when schools were asked the percentage of A level exams resulting in grade A results, the bare statistics largely confirmed educators' off-the-cuff impressions.

King Edward's School, Birmingham, appears at the top of the list – a position scarcely disputed by admissions tutors, examining board officials or its competitors. With 62 per cent of A level exams sat in 1990 resulting in a grade A, the school is comfortably ahead of the field.

Several attributed the school's success to the efforts of Martin Rogers, Chief Master, who has not been shy about broadcasting the school's academic record. It is particularly impressive considering that all pupils take four A level exams, and some take five. Although general studies is the fourth exam, Rogers says the percentage of A grades would be unchanged if those tests were omitted from results.

But among admissions tutors, King Edward's, like its closest rival, Manchester Grammar School (51.2 per cent A grades in A level) has a bit of a reputation as an Oxbridge production line. "Some of their boys are thought to be duller, but very well coached," one examining board official said of King Edward's students.

Of Manchester Grammar, one former admissions tutor said: "It used to be a bit of a truism that we would take a little bit off the admissions scores for boys from Manchester Grammar to compensate for the cramming factor." An examining board official described MGS as "very much geared to getting kids into Oxford and Cambridge." In June 1990, 57 out of 200 sixth-form students won Oxbridge places.

In Manchester's defence, John Parker, High Master, points to the school's reputation for producing fine cricketers and its music instruction – claims with which rival headmasters find little quarrel. Whatever reputation King Edward's and Manchester have earned as academic treadmills, their place at the top of a list of elite schools is unquestioned by competing headmasters.

The next three places on the list are occupied by St Paul's School, Barnes, London, Winchester College and Eton College in that order, although if A level grades alone were the criteria, Winchester would be much further down and St Paul's would be higher. St Paul's headmaster acknowledges the school had a very good exam year in 1990 and said he believes Manchester Grammar School is probably academically superior. St Paul's academic standing is helped by its very large endowment which it uses generously to encourage the brightest students.

While a majority of those surveyed said they would rank Winchester ahead of Eton academically, a number of headmasters believed that Eton has pulled ahead in recent years and that Winchester has lost its edge. A level exam grades for 1990 would seem to support this view.

"Winchester felt the loss of (Oxbridge) open scholarships and the relationships with the colleges more keenly than did Eton," said one top 10 headmaster. However, among admissions tutors and examining board officials, it is Winchester which has the more formidable reputation. One admissions tutor, while acknowledging that no students are brighter than Kings Scholars from Eton, said that the rest of pupils are fairly ordinary. "Frankly, I've never taught a brilliant one from Eton," he said.

"People send their children to Eton for the wrong reasons," said the headmaster at a competing school.

Although only 43 per cent of Winchester A level exams resulted in an A grade – against 49 per cent at Eton – about 40 per cent of Winchester pupils take four or more A levels. And none of those take the General Studies exam, a test widely regarded as requiring little extra study. In contrast, fewer than one-third of Eton pupils take four A levels and nearly half of those take the General Studies test. But both schools have made an effort to broaden sixth form education, requiring pupils to study subjects for which no A level exam will be sat.

The sixth place on the list is occupied by Westminster School. Westminster, in spite of its location in the shadow of Westminster Abbey, has almost no endowment and does not even own the land it occupies. Its board of governors has also elected not to participate in the government's assisted places scheme, thus closing off the school to poor, but bright children. Thus, it cannot afford to be as selective in admitting pupils while its well-endowed rival, St Paul's, is largely a day school with lower fees.

The remainder of the list consists of former direct grant grammar schools. Of these, Royal Grammar School Newcastle-upon-Tyne inspires the greatest respect among competitors and among examining board officials, even though its A level grades are not as spectacular as some. "I used to grade their exam papers and they were the most brilliant group I ever saw," said one top 10 school official who also graded papers of Eton students. Eton students, he said, were quite ordinary by comparison.

Mention any one of these grammar school names to their well-heeled competitors and there is admiration. Although not in the list of top 10 schools, Dulwich College (30 per cent A grades at A level) and King's College School, Wimbledon (28.5 per cent A level grades at A level) are also consistently mentioned as among the most academically superior schools in the nation.

Why have former direct grant grammar schools come to dominate the list of academically superior schools? Why have boarding schools, with the exception of Winchester and Eton, slipped so badly? "Any school with a large conurbation and relatively low fees is going to be able to attract bright youngsters," said one admissions tutor.

All the day schools on the list are situated in a large metropolitan area, participate in the government's assisted places scheme for the less well-off and are often generously endowed. This allows the school to offer scholarships to the brightest applicants. Thus, these schools benefit from a large pool of talent to choose from and the ability to lower financial barriers for the brightest.

Privately, headmasters say the fact that some of the expensive boarding schools have had to struggle to fill places has led to the decline in their reputations for academic excellence. Rugby, for example, has an empty beds problem – "sort of like the National Health Service," said one independent school official.

"It's the 'tail' at these schools that drags them down," said the headmaster at one once-great public school. While Eton is charging boarding pupils nearly £9,000 per year, King Edward's School is charging about £3,000. The number willing to pay that sort of money is shrinking because fewer parents want to send their children away from home. Thus, boarding schools have to go further and further down the ladder of ability in order to fill their places.

"We have 240 places to fill each year and there are a limited number of parents willing to pay our fees," said Dr Eric Anderson, headmaster of Eton College. Eton, he said, accepts a broader range of academic ability than most day schools, forcing it to work harder to maintain standards.

Perhaps the most encouraging message for parents from the current list of top schools is that almost every urban area in England sports at least one selective, academically rigorous school at modest cost. Other grammar schools consistently mentioned by headmasters as academically superior include those in Bristol and Bolton.

However the assessment is complicated by doubts whether academic excellence is best measured by A level grades. Rogers, for instance, concedes that the very high rate of A grades at his school may simply reflect the degree of selectivity used to admit pupils. Smaller schools may have better statistics only because they have fewer places to fill and can be more choosy than their larger neighbours. Good A level grades do not necessarily mean the standard of teaching offered is greatly superior to that in schools with a higher A level scoresheet. "Value-added is very difficult to measure at

Continued on Page XVI

TOP INDEPENDENT SCHOOLS:

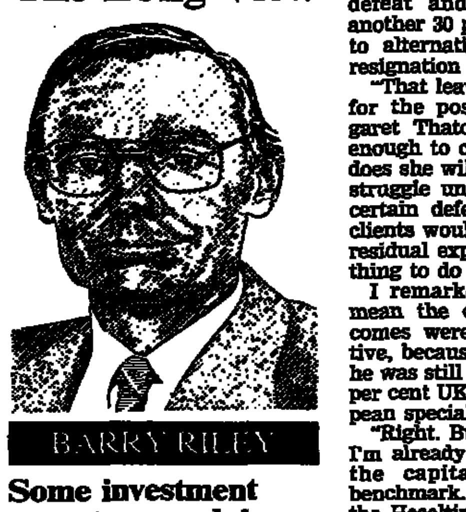
Percentage of A grades at A level

BOYS	
1 King Edward's, Birmingham	62
2 Manchester Grammar School	51.2
3 St Paul's School	57.7
4 Winchester College	43
5 Eton College	49
6 Westminster School	45
7 The Haberdashers' Aske's	45
8 Bradford Grammar School	40
9 Royal Grammar School, Newc.	32
10 Leeds Grammar School	30.3
Others	
Dulwich College	30
King's College School, Wimbledon	28.5

GIRLS	
1 St Paul's Girls' School	49
2 South Hampstead High School	44
3 North London Collegiate	51
4 Oxford High School	45
5 Wycombe Abbey	44
6 Withington High School	48
7 James Allen's Girls School	34
8 The Haberdashers' Aske's School for Girls	33
9 Cheltenham Ladies' College	28
10 King Edward VI High School for Girls	–
Others	
The Perse School, Cambridge	
The Mount School, York	

Model advice for weight watchers

The Long View



BARRY RILEY

Some investment experts now claim to be applying the very latest computer techniques to the analysis of the Tory Party's leadership struggle

WHEREVER THERE is trouble – short of shooting wars, of course – you can be sure that my old friend Steve the strategist will not be far away. Sure enough the self-proclaimed king of the weight watchers (portfolio weights, that is) came jetting into London this week having cut short a trip to Stockholm.

"The crisis was cooling down in Sweden and I thought the leadership upset in the UK looked a much tastier proposition," he told me. "Provisionally I'm taking 10 points off my UK equity exposure for European portfolios and switching from sterling gilts into DM and peseta bonds, but I'm still actively re-evaluating the situation."

It seemed odd, I ventured, that the apparently serious danger to Margaret Thatcher's premiership was not having a more obvious effect on the stock market in London. After all, neither the resignation of Sir Geoffrey Howe last week nor all the subsequent political sensations of the past few days appeared to have pushed share prices much one way or the other.

"But the Thatcher premium had already disappeared," he claimed. "From my particular global perspective it has been obvious that a kind of Thatcher inverse proximity coefficient has been developing for some time."

"You mean, what they used to encapsulate more poetically as *'distance lends enchantment to the view'?*"

"Sure. Sure. Right here in Britain, for example, professional investors are terrified that Thatcher will lead the Conservatives to certain defeat by the socialists at the next General Election. Therefore she has become a substantively negative valuation factor.

"In Continental Europe she is also thoroughly disliked although still respected for her ability to fight her corner. Reading: neutral. Then there's the US, where there is still a lot of admiration for the way she turned around Britain's reputation in the Eighties, but on the other hand she is closely associated with the old Reagan-Bush era and that is going right out of style, and taking George Bush's own popularity ratings with it.

"So the Thatcher factor stateside is still positive but fading fast. Finally there's Japan where Thatcher's name still counts for a lot, if only because in Tokyo they've never heard of another British politician apart from Winston Churchill.

"Unfortunately her image in Tokyo does not help any because right now the Japanese are selling out their European assets regardless, because they have to plug the holes in the banking system at home."

The global view was interesting, I agreed, but was it not asking a lot for Steve to jump off a plane and arrive at a sensible judgment on the outcome of the local leadership struggle?

For a moment I thought I had rattled the normally unstoppable Steve with his machine-like verbal delivery.

"Don't *forget* I have access to our state-of-the-art political database," he snapped. "We've developed a high-level standardised model for financial market behaviour during political regime changes. Besides, we have a Tory MP on our London advisory board.

As of today I compute a 40 per cent chance of a first ballot defeat and I am allocating another 30 per cent probability to alternative Thatcher early resignation scenarios.

"That leaves just 30 per cent for the possibility that Margaret Thatcher will win well enough to carry on. But if she does she will face 18 months of struggle until spring 1992 and certain defeat by Labour. My clients would be deweighted to residual exposure if I had anything to do with it."

I remarked that this must mean the other possible outcomes were much more positive, because by my reckoning he was still recommending a 25 per cent UK exposure for European specialist equity funds.

"Right. But don't forget that I'm already a long way under the capitalisation-weighted benchmark. Let's look first at the Heseltine victory scenario. Upside would be the honeymoon factor for a new political leader, which our model computes at 5 to 10 percentage points for equities in the case of centre-right parties.

"Downside would be the danger that sterling would be pre-emptively devalued to maybe 2.60 deutschmarks within the ERM as Heseltine took quick emergency measures to head off the worst of the 1991 recession while he could still blame Thatcher. I'm inclined to assign a 50 per cent probability factor to this. So my strategy would be an overnormal weighting protected by a six-month sterling hedge.

"Now for the second ballot and other more complex scenarios. Here it gets messy. Remember that people such as Hearne and the other guy – I can never get their names right, but they all begin with H anyway – would have to carry a lot of old Thatcher baggage along with them which would ruin the honeymoon.

"Incidentally, why do your prime ministers always seem to have names beginning with "Th" or "H"? It doesn't do my French clients any favours at all. Hurd and Howe, that's right, thank you. The point is, they would be much more coolly received and I would have to be much more neutral towards them."

At least, I suggested, they would be considerably more pro-European Community than Margaret Thatcher, and foreign investors would be much more confident that the UK would become integrated into a low inflation monetary infrastructure.

"That *could* be true but it would need to be tested out," said Steve.

"I would expect a serious currency market attack on a new UK government to see whether it would raise interest rates to defend sterling, regardless of a crashing economy and a looming election. The markets will want to see blood flow; they'll be satisfied with nothing less than a Mitterrand-type conversion."

For a moment he relaxed. "It's going to be kinda fun around here," he mused, "and I don't have to eat cold fish."

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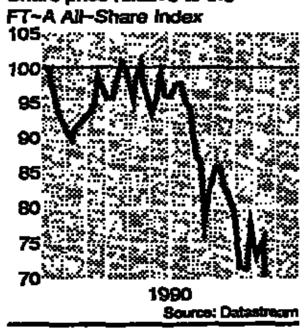
FINANCE & THE FAMILY: THIS WEEK

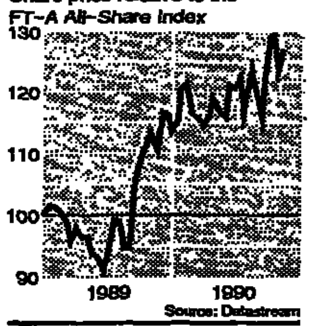
British Airways

Share price relative to the FT-A All-Share Index



Commercial Union

Share price relative to the FT-A All-Share Index



Profits warning from Lord King

Shares in British Airways slumped this week after the company warned that it was unlikely to make a profit in the second half of the year.

Lord King, the chairman, warned that the group would have to take some radical steps to cut costs in the face of the Gulf crisis, which has resulted in rising fuel costs and the *economic slowdown, which is likely to depress demand.*

First half pre-tax profits rose 24 per cent to £320m, but that included a £37m gain from the disposal of older aircraft. *Philip Coggan*

Erratic times for insurers

The share prices of Royal Insurance, General Accident and Commercial Union moved erratically late this week after the announcement of nine-month interim results by the three composite insurance companies.

Both Royal and GA reported pre-tax losses of £91m and £73.3m respectively, while CU's pre-tax profits of £27.2m were below expectations.

All three companies have been hit by heavier than expected claims in the UK, with subsidence and the continuing rise in large fire costs two of the biggest problems. However, amid the gloom, the market reacted positively to promises of rate increases. *Richard Lapper*

Cut-price mortgage from Woolwich

The Woolwich Building Society is offering a 1.25 percentage point discount on endowment mortgages. The offer is open to first time buyers and is available for one year. This means they will pay a mortgage rate of 13.25 per cent, compared with the standard rate of 14.5 per cent. There is *no maximum or minimum on the loan, and no arrangement* fee. *Sara Webb*

Britons 'careful with money'

The British are careful with their money, according to a survey published this week. Eighty one per cent of Britons claim to know how much is in their current account to the *nearest £50 and 78 per cent always or almost always fill in* their cheque book stubs.

The survey, conducted by MORI on behalf of Abbey *National, also found that only 28 per cent of people were* more worried about their financial situation than they were a year ago, despite the problems of the economy. *Philip Coggan*

New account launched

Town & Country building society has launched its Super 90 Account, which pays 15 per cent gross (11.25 per cent net) on investments of £50,000 or more. The minimum investment is £5,000, which attracts an interest rate of 13.73 per cent gross, or 10.3 per cent net. *S. W*

How to retire in style

The Pre-Retirement Association has compiled a list of courses on the subject of *taking early retirement*. The courses, which are being run in colleges and training centres around the UK, range from one day to several weeks in duration and cost between £10 and £1,000. For further information, contact the Pre-Retirement Association, tel 0483-39323. *S. W*

INSIDE . . .

House insurance blow

Throughout the summer, pundits were warning householders that house insurance rates would be increased sooner or later. This week the blow fell. **Eric Short** *has the details. Plus why expatriates should hang on* to the old homestead. **Page IV**

Investing in Eastern Europe

Remember the rush into Eastern European funds last year? **Sara Webb** tracks down the sectors in which fund managers are investing your money.

Plus **Carol Parker** runs a rule over Barclay's Unicorn fund management group; news of a link-up between Skandia Life and the Foreign & Colonial investment trust group; and the latest figures on which directors have been buying and selling shares in their own companies. **Page V**

Beginners start here

One of the earliest decisions which most small businesses have to face nowadays is: what to do about buying a computer? In the first of a new series, Barbara Conway answers the questions most asked by newcomers to the world of high-tech. **Page VII**

■ **Briefcase:** Equality and the taxman: **Page VI**

LONDON

Political test fails to bowl investors over

IT IS no wonder that Britain looks isolated in Europe when the political Great and Good *launch their most vicious* attacks and build their staunchest defences out of cricketing metaphors.

As a slogan, *The Sun*'s Up Yours Delors may be blunt and objectionable, but at least it is clear; by the time a Briton has explained bats and creases to an Italian, Michael Heseltine could be back in the pavilion unbuckling his pads.

Although the BBC has describes Conservative MPs as "the most sophisticated electorate in the country", the UK's European neighbours *must think* them *certifiable.*

But some see through the eccentric and gentlemanly facade, as foreign exchange dealers will testify this weekend. Against the D-Mark, sterling slipped a further 3½ pfennigs in the last five days, closing in London last night at DM2.8897, ever closer to the bottom of the ERM band. That is only one factor suggesting that a significant cut in interest *rates will have to wait.*

The equity markets, on the other hand, have watched the five-day *political* test match with European disdain. The FT-SE 100 Index again edged up on the the week, closing 27.4 points higher at 2068.

In fact, there were suggestions this week that political worries were only restraining rather than depressing the market. For example, on Tuesday, Footsie began with an advance of 19 points, tracking a strong performance on Wall Street. Sir Geoffrey Howe's *Commons speech* scratched the gloss from that increase, but the index still ended Tuesday a few points higher.

As for the rash of economic statistics which disfigured the week, most of the news seemed to be in the market already. Yesterday's retail *price* figures – headline inflation again up 10.9 per cent in October – scarcely caused a ripple.

But although investors seem *reluctant to sell, they are not* exactly raring to buy. The chancellor is still talking of recession, when he dares utter the word, in the most guarded terms. In an interview on Sunday, he described the possibility of "a modest recession" in the second half of this year. This sounded worryingly like the language of estate agency: the "modest two-bedroom maisonette – in need of renovation" which turns out to be a broom-cupboard with dry-rot.

And the dry-rot was partly visible on Thursday when statistics *for October* showed the biggest monthly rise in unemployment for more than four years: some 32,300 additional people are now spending more time with their family. That chimed uneasily with the Bank of England's quarterly bulletin, published on the same day, which warned that greater unemployment would be the price paid by wage negotiators for being too greedy. The chancellor must be hoping that the 1.7m out of work do not begin *to describe this modest* recession as the Major recession.

The prime minister is not the only person contemplating the possibility of a life of leisure this weekend. Among those joining the unemployed are a couple of senior company executives – Sir Ralph Halpern of Burton and Roger Kingdon of Davy Corporation.

Kingdon resigned as chief executive of the engineering contractor a few days ahead of *next week's results, which* analysts fear will show a sharp downturn, while Sir Ralph's departure as chairman and chief executive of Burton coincided with the announcement of a profits fall and dividend cut. Shareholders sighed their *relief nonetheless and the* shares rose 10½p on the day to 77½p.

The share prices of entrepreneur-led retailers like Burton and Next sometimes look like an index of the prime minister's popularity. But the differ*ence between the leisured* retirement of Burton's former chairman and chief executive, and that of Thatcher – if she goes – will be about £2m.

Apart from a £456,000-a-year pension entitlement, Sir Ralph will have his parting hand*shake gilded by £600,000 before* tax in compensation and £1.4m in deferred incentive payments.

After last week's slower growth from British Telecom there was further unsettling news for the privatised company on Tuesday, when the government announced it would increase competition in *the industry and break the* duopoly of fixed link services enjoyed by BT and the much smaller Mercury Communications.

Mobile-phone operators like Racal Telecom should be among the beneficiaries of the review, but it is hard to say how shareholders in Racal Electronics, the group's 80 per cent *shareholder*, will receive the benefits. A day earlier, without even heralding the announcement to its advisers, Racal Electronics unveiled a break-up plan. It would involve distributing shares in two subsidiaries – Racal Telecom, *which owns the Vodaphone* network, and Racal Chubb Security – to existing shareholders, while the group chairman, Sir Ernest Harrison, would launch a management buy-out for the rest of the business.

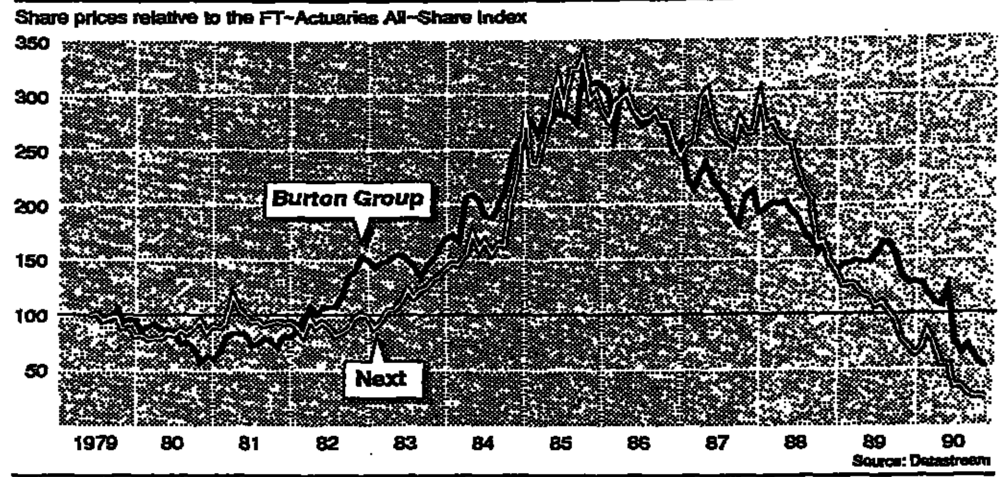
Sir Ernest and his board believe the value of the 80 per cent stake in Racal Telecom has not been reflected in the Racal Electronics' share price, since 20 per cent of the subsidiary was floated two years ago. But shareholders now have a *right to be concerned about the* value which their own chairman may place on the rump of the group. Racal Electronics' shares ended the week up 20p at 186p, while Racal Telecom's price increased from 254p to 286p.

Surprising investors is not the most clever move at the best of times, and this is still a nervy market, *as other events* proved this week. Wellcome's share price slipped 15 per cent in a day on Thursday after the pharmaceuticals company announced annual profits up 11 per cent at £315m before tax, but below City expectations. The shares ended the week down 85p at 368p. Another traditionally volatile stock performed *according to form*. Eurotunnel's units went ex-rights on Monday, and slipped more than 10 per cent during the week as small shareholders decided to sell.

In this context, the man with the least enviable task this *weekend is probably John* Wakeham, the energy secretary. On Wednesday, he has to name a price for shares in the 12 regional electricity companies which will see the government through three turbulent weeks until the flotation clos*ing date. The privatisation* will have to stand up to political, financial and economic ructions, but Wakeham has a get-out clause if war breaks out in the Gulf. As the captain of the Iraqi team Saddam Hussein might put it: that would really queer *the pitch for equities.*

Andrew Hill

Share prices relative to the FT-Actuaries All-Share Index



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FT-SE 100 Index	2068.0	+27.4	2463.7	1990.2	Steady performance by Sterling
Amersham Int'l	284	+36	401	245	Sale of diagnostic division
Aspen Comms.	128	-17	422	126	Broker cuts profits forecast
Avon Rubber	228	-18	530	228	Nervous awaiting annual figures
British Telecom	270	+12½	316	243	Telecom duopoly report
Eurotunnel (Nil-pd)	106	-107†	218	53	Worries over rights issue
General Accident	465	+22	624½	418	Higher building premiums
Grand Metropolitan	577	+26	681	514	Decision soon on pub/swaps deal
Manganese Bronze	128	-58	238	128	Lower annual profits
Pilkington	144	-17	255	130	Uncertainty ahead of figures
Racal Telecom	286	+32	415	227	Racal Elect break-up plan
Unigate	267	-18	361	258	Cautious trading statement
Warburg (S.G.)	288	-25	525	286	Disappointing results
Wellcome	368	-85	795	362	Disappointing results

†- Based on Monday's opening price.

WALL STREET

Lessons from a hamburger

THE WORLD of the humble *hamburger* produced a technical break-through this week which captures something of the spirit of the times: McDonald's announced that it was test-marketing a new recipe which took much of the fat out of a burger, without taking away the taste of beef.

The secret seems to be to replace the moisture provided by the fat with water, and mix it with a cocktail of food seasonings and a binding agent – a derivative of seaweed – which is also used in ice-creams and yoghurts.

McDonald's calls the resultant delicacy the Lean Deluxe, a phrase which just about sums up the task facing corporate America as it stares recession in the face: cut away fat, while maintaining the morale of the workforce and continuing to provide the customer with the highest quality of service.

In a land which loves the simple, exhortatory slogan, it is conceivable that some popular business academic might even construct a profitable textbook for the 1990s around the title: "The Lean Deluxe Manager."

It is certainly a phrase which sums up the delicate task facing CS First Boston, the *New York investment* bank, which is going through horrible times.

This week the bank announced a solution to the financial mess it landed itself in at the end of the 1980s takeover boom, when its *enthusiasm to complete* deals got the better of financial prudence: it was left holding a *large* portfolio of very *dubious* loans.

This week CS Holdings, parent company of Credit Suisse, the third largest Swiss bank, announced that it was spending up to $300m to lift its stake in First Boston from 44.5 per cent to about 60 per cent and take control of the board. From now on, it will be cracking the whip.

It is also injecting money into a special partnership to take over the bank's troubled bridging loans, while First Boston itself will take additional reserves for problem loans and other assets, shrinking its capital to about $600m *from* $840m at the end of last year.

This package solves the *immediate* problem facing the investment bank – a lack of confidence in the credit markets which was increasing its cost of capital – but leaves some large question marks over its future.

One is staff morale. The bank has suffered a steady *stream* of departures by senior managers in recent weeks. Some were pushed – *apparently part of a* 200-person staff cut being carried out over the next month and a half – and others went of their own volition.

Another is the strength of management and its ability to control costs and set a *strategy* for the 1990s which plays to the bank's best suits.

First Boston's new capital *base is small* when compared with some of the biggest players in the increasingly tough global securities market, but on the other hand it has the advantage a large, wealthy European backer and an established network of global offices.

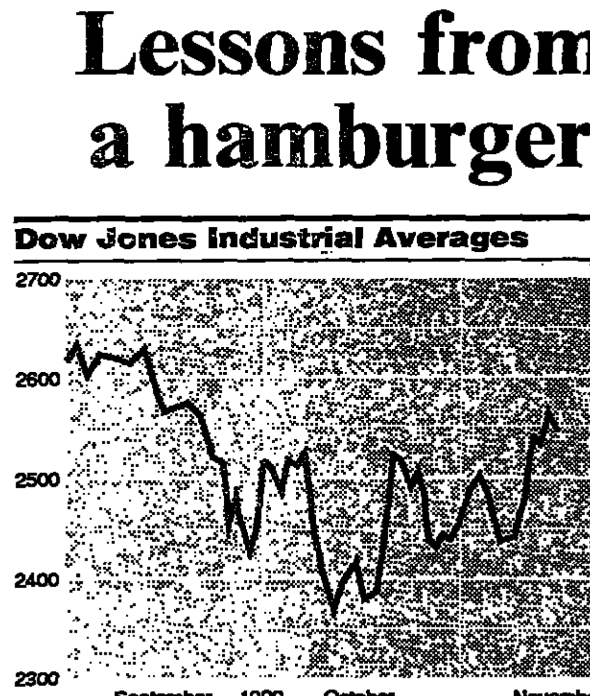
First Boston's problems may be particularly severe, but it is hardly alone on Wall Street as all the large securities houses slim down to cope with the much tougher climate of the 1990s. A report this week by Moody's, the credit-rating agency, reckoned it could take to the end of the century to squeeze out the sector's over-capacity, and that this might leave few, if any large independent US firms.

The erosion of Glass-Steagal, the 60-year-old US act which separates commercial banking and the securities industry, will help this winnowing process. The US Federal Reserve has been allowing the commercial banks to nibble at the securities business and the CS First Boston deal looks like another move in this direction.

It is the first time a foreign commercial bank has taken major control of a US securities business. First Boston insists that this no breakthrough, and that in allowing the deal the Fed has merely confirmed the status quo, but many on Wall Street are unconvinced.

Trying to read the mind of the Fed, in one field or another, occupied Wall Street for most of this week. The big question was whether it would *ease monetary policy after* Tuesday's meeting of the policy-making Open Market Committee. Stocks and bonds rallied strongly in the belief that it would, but then fell back a bit when it seemed it might not. Yesterday morning *the mists finally* cleared and the Fed Funds rate began a drop from 7.75 per cent towards 7.50.

Dow Jones Industrial Averages



Monday	2540.35	+ 51.74
Tuesday	2536.40	− 4.95
Wednesday	2559.65	+ 24.25
Thursday	2545.05	− 14.60

Martin Dickson

Smaller Companies

USM bruised by Orchid pull-out

JUST WHEN it seemed things could not get any worse, a new bruise blemished the Unlisted Securities Market on its tenth anniversary last week, inflicted by Orchid Technology.

The *general malaise* is bad enough, with investors and company chairmen alike turning their backs on the USM – Britain's once-hyped breeding ground for smaller businesses – at a time of appalling returns, poor liquidity, and low reputation. Now Orchid Technology, a California-based computer accessory manufacturer, has deepened the mood of despondency. The company, which makes "enhancers" to improve computer performance, announced it intends to *withdraw from the USM in* December.

Naturally the decision is subject to shareholder approval at the annual general meeting, which takes place on December 3. But since the chairman and a single Singapo*rean company* between them hold 69 per cent of the shares, and have indicated their support for the motion, this should be a formality.

"The company does not believe that maintaining its USM listing provides signifi*cant benefit to the company or* its shareholders," read a statement issued by Orchid a week ago. It will then resume its former life as a private company.

It has also made a tender offer to buy 500,000 of the shares in issue, at 60p each, compared with the original flotation price equivalent to 530p. The 3.54m shares held by directors, executive officers and affiliates are excluded, leaving 1.54m eligible for purchase. The company added that it may buy more if the offer is over-subscribed.

Orchid's withdrawal is the final chapter in what has been a controversial history on the USM. Its original placing in January 1987 was part of the high tech phase that was sweeping the market after the interest in oil exploration *stocks of the early 1980s had* waned. Nevertheless, the issue had to be postponed for what UBS Phillips & Drew, the brokers, called "technical reasons". It turned out there was insufficient interest from institutional investors.

When it was finally placed in April 1987, raising £4.5m, the share price began to rise in line with the market, hitting 950p before the October crash. It never recovered, tumbling as low as 32p in October 1989.

"It was one of the technology companies that came to the market with a product that no one understood," says Chris Marsh, an analyst at UBS Phillips & Drew.

Although it is based in Silicon Valley, Orchid decided to join the British USM. *Disclosure* requirements and entry costs were lower than in the USA. Orchid was in any case expanding into Europe, with a UK *bridgehead in Basingstoke.*

In the mid-1980s, a number of American advisers were also forcefully recommending USM flotations, suggests Chris *Marsh. The result was a whole* series of similar flotations, most of which have proved disappointing in retrospect.

The company took full advantage of the laxer flotation requirements of the USM, by placing only 16.7 per cent of its enlarged equity: the *minimum* is 10 per cent, compared with 25 per cent on the main market, but most companies exceed this limit.

But now the company is quitting, disillusioned with the way it feels it has been treated. "We didn't get any of the benefits of being a public company," says Saiid Shahabi, finance director. "Whenever our shareholders wanted to sell, they found they couldn't. The market making wasn't real: there was no real supply and demand."

He adds that "sizeable fees" to advisers, as well as operating costs and frequent UK visits, no longer seemed justified. He will not elaborate on the precise sums involved.

Orchid's results could hardly *have helped the share* price, however. Despite meeting its first year £4m pre-tax profits forecasts as a public company in June 1987, the frost soon followed. The loss of business confidence following the crash cut heavily into orders, and the figures have never recovered. Orchid turned bright red with losses of £2.48m in 1989, and *continued to wilt* this year with losses of £421,000.

The company insists that the future is rosy, however, and that it is simply a victim of USM depression. "We are really confident," says Shahabi. "We have restructured, cut costs and focused on product lines with better margins." He also believes Orchid can afford the buy back.

The real issue is whether individual shareholders will be happy with the offer. Most institutions backed out long ago, leaving, according to Shahabi, around 260,000 shares in the hands of individuals in the UK, and most of the rest in the USA. Since last week's announcement, Orchid's share price has sunk from 65p to 35p. Given the possibility of only being able to sell one-third of their shares, it would not be worth investors buying unless it falls as low as 20p, says Chris Marsh.

They might do better to sell all their shares at the current *price, he suggests,* although a spread of around 10p makes the offer less tempting even on *small* transactions. Shareholders who cannot sell their stakes must hope for future dividends, or a later offer from the company.

Andrew Jack

Company Profile

Amersham pays price for being 'blinded by science'

NICE TECH, shame about the share price: that has been the story of Amersham Interna*tional, the healthcare and med*ical products company, over the last couple of years.

A main cause of the disappointment has been Amerlite, the Queen's Award-winning product which uses the chemistry of the firefly to identify the presence of disease. This week's announcement of its sale, as part of an £84m two-year deal with Eastman Kodak of the US, marks the end of an expensive diversification for Amersham.

Amersham International, formerly the Radiochemical Centre and privatised by the government in 1982, produces minute radioactive packages *for medical, industrial and* research uses, and is also involved in non-radioactive *biological research.*

Before Monday's announcement, the share price of 248p was around its lowest level for five years. Since the speculative excitement of 1988, when the government gave up its golden share and the price neared 650p, the stock had become one of 1989's laggards.

Pre-tax profit fell by 15 per cent in 1988-89, and last year's £2.5m increase to £23.9m was helped by a £7.6m gain *from* the sale and leaseback of its Buckinghamshire head office.

That move typified the thirst for cash. As one analyst put it: "The company has been highly creative but underfunded." Another described it as having been "carried away with science, rather than market led".

One of the charts produced to explain the deal with Kodak crystallised the problem. It showed how Abbott of the US, the market leader in clinical reagents, was spending $200m (£102m) a year on research and *development*, whereas Amersham was struggling to come up with $20m. Even this *amount* – half Amersham's total research budget – was starving other promising areas, *such as brain and heart imag*ing agents, of resources.

With Kodak – which had sales of $18.4bn last year against Amersham's £207.7m – the effort to automate the Amerlite diagnostic tests can be resumed. The hand-over is being smoothed via a jointly owned company, Amerlite *Diagnostics*.

The purchase price of £64m, plus longer-term royalty payments, buys the *long-standing* and profitable radioactive clinical tests as well as Amerlite, which has cost nearly £40m to develop so far, including 1,600 man-years of R & D. Altogether, the business being disposed of had sales last year of £60m, but an operating profit of only £1.9m.

It is good news that Amersham has recovered its investment and can reduce gearing – *albeit with initial delay. It* could, in any case, not have afforded to pursue the goal of a fully automated version.

"The investment and marketing effort was beyond the pocket of Amersham," said Bill Castell, formerly *commercial* director at Wellcome who became Amersham's chief *executive in January*. "At first we looked for a partner, but it would have been bound to have a much deeper pocket and we could have been embarrassed by the need to match their investment."

One of Castell's main messages since joining Amersham is that marketing should receive the same *single-minded* attention that has long been applied to technology. The company had tended *to tackle* new markets by creating separate, vertically integrated off*shoots. with their own R & D* and marketing forces.

Castell admits that he was confused about lines of commercial responsibility. With 90 per cent of sales overseas, he has decided that accountability *for profit* should lie with country managers.

His priorities for deploying *the newly available cash are:* building up radio-pharmaceuticals, manufacturing in Japan and getting the UK factories into "robust shape".

A prime example of a promising product needing resources is Ceretec, a radioactive agent which enables blood flow to be traced through the brain, helping to diagnose such disorders as hyperactivity or dementia.

But promising products, even in Amersham's traditional areas, are not enough. While analysts' opinions con*verged* in welcoming the sale of Amerlite – hence a 40p rise in the share price within 48 *hours of the announcement* – they diverged over the strength of the underlying *business*. This year's *pre-tax* profit is expected to fall to below £20m and estimates for next year range from £22m to £28m.

The sanguine view is that, without the Amerlite albatross, Amersham can concentrate on exploiting high-tech market niches. Some feel that a bidder *might still emerge, despite the* company's restrictive articles of association.

The pessimistic line points to the depressing effect of the pound's strength on export earnings and says that the stock does not deserve its present hefty premium to the market.

Even the middle-of-the-road view acknowledges that a serious management task lies ahead in changing the business culture and in reorganisation. Amersham estimates this will cost £11m, including "costs associated with eliminating excess overheads, site closure and relocation".

While Castell has been applauded for grasping the big Amerlite nettle, a cluster of *smaller problems* remain to be solved.

Pre-tax profits and earnings per share

	1986	1987	1988	1989	1990
Profits (£m)	17.6	22.1	25.3	21.4	23.9
Eps (p)	24.5	26.6	32.6	25.5	33.1

Figures for the year to March 31

Jane Fuller

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Privatised shares: to sell or to hold?

Philip Coggan tracks their market performance

YOU MAY have decided by now that, barring a Gulf war, you will apply for some electricity shares in the forthcoming privatisation. But once you get your shares, when should you sell them? Is it better to dispose of your holdings on the first day or to hang on for the long run?

The general impression is that privatisations have been a "get rich quick" scheme, with the motto for investors being "in, out, shake your profits all about". But in fact, in the vast majority of cases, it has been better to hold on to the shares for three years at least. And the incentives on offer with electricity may mean that once again the rewards will be greatest for long-term holders.

The profits achieved by privatisation investors have been substantial. The "perfect" investor, who bought each privatisation issue at the offer price and sold on the day the shares peaked, would have quadrupled his money, even if one ignores the benefits of dividend income. *Those who* backed the most successful issue, Associated British Ports, experienced capital growth of more than 1100 per cent.

Several factors have influenced the strong performance of privatisation shares. The first, and probably the most important, is the tendency for the shares to be underpriced in order to ensure that the issue is attractive both to the institutions and to the public. Once the shares begin trading, the price rises until it reaches a more "realistic" level for a company of its type.

A second factor is the tendency to weight the basis of allocation in favour of the small investor. As a result, institutions find that they do not receive as many shares as they want from the issue, and move to buy the shares when they start trading.

This factor can be partly countered by the existence of "stags" – investors who apply for the shares with the aim of selling as soon as possible. But demand from institutions is so large that the net effect is normally good for the share price.

The third factor is the state of the stock market. Most of the privatisations were lucky enough to coincide with the great 1980s bull market; their share prices thus had a natural *tendency to rise. But some*, such as BP's 1987 offer and British Steel's 1988 float, were less fortunate. Investors have yet to see much of a return from either issue.

Electricity is being launched into a very depressed stock market. The crisis in the Gulf, the prospect of a recession and the current contest for the Conservative Party leadership have combined to force down share prices. But at least, unlike BP, the government knows the market's difficulties in advance and can price the shares accordingly.

The stock market's problems increase the likelihood that the greatest profits from electricity will be in the long term. In the short term, any one of the negative factors could scupper the share price. But enough of speculation, what has been the experience of previous issues?

There are two ways to judge the most profitable time to sell a privatisation share. The first is simply to discover the highest price that the shares have reached. In most cases, that optimum price occurred in 1989 or 1990. So the optimal holding period for privatisation shares is partly a function of the date of the issue itself.

For companies privatised in the early part of the 1980s, such as Amersham or Associated British Ports, the share price high did not occur until six or seven years after issue. Obviously, companies privatised in the later part of the decade have not had as long on the market. The peak of their prices had tended to occur around three years after issue.

In one or two cases, the investor was best placed selling right away. In Rolls Royce, the share price peaked in the week after issue; in British Steel, the peak occurred within six months. But excluding the water companies, which have only had a year on the market, the average privatisation share has peaked around 4½ years *after the date of issue.*

However, choosing the best time to sell on the basis of the nominal share price alone may not be the best guide for the privatisation investor. Share prices have a long term tendency to rise, but some rise faster than others. What counts is whether the privatised share outperforms the *market – that is, increases at* a greater rate than the average of other shares.

The figures show that most privatisation shares *have* continued to outperform the FT Actuaries All-Share Index, even after the surge on the first day of dealings. The average period between issue date and relative high has been just over three years – shorter than the period between issue date and nominal high.

Again, the average conceals a variety of different performers. Those who plumped for the 1979 BP issue have never seen their investment underperform the All-Share by 38 per cent; those who backed the 1981 Cable & Wireless issue did not see the relative peak until 7½ years later.

The only privatisation issues where the best relative performance occurred in the first year after issue were British Airways, the BP 1979 issue, British Steel, British Telecom and Rolls Royce.

The graphs show that investors were best placed, in relative terms, to sell their British Telecom shares after six months and their Rolls Royce shares straightaway. ABP shares, however, repaid long-term holders.

Capital growth is, of course, not the only reason for holding a share. Dividend income is an *important reason for buying* shares. If a privatisation share carries a higher than average yield, then there is an incentive to hold it for the longer term. If it carries a lower than average yield, then there is an incentive to switch to a share with a better dividend income.

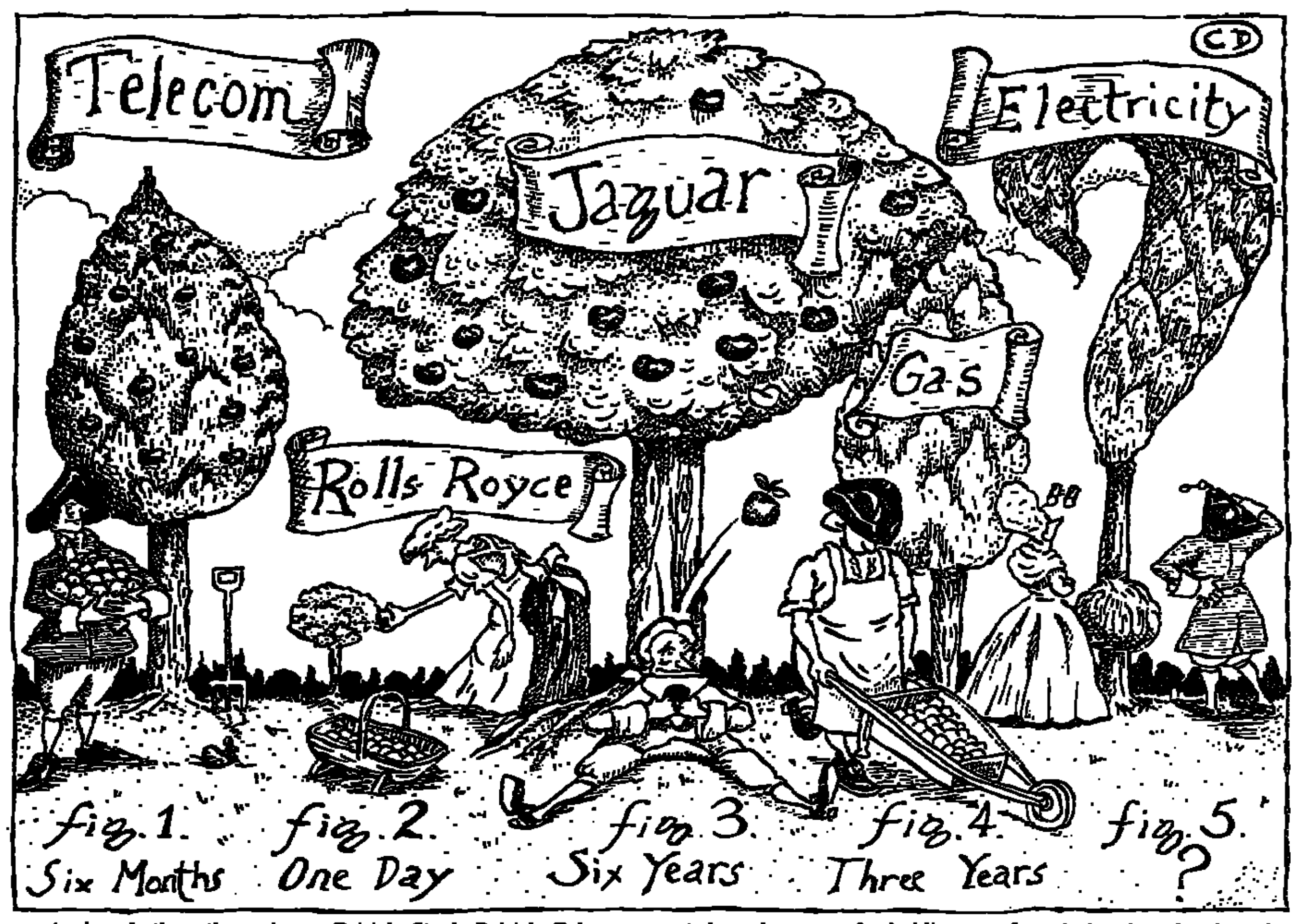
Here the evidence again is in favour of longer term holdings. Of the 13 pre-water privatisation shares, eight have generally offered a higher dividend yield than the All-Share, compared with four which offered a lower yield and one where experience has been mixed.

One final factor has encouraged long term holdings of privatisation shares – the incentives on offer. These have varied from loyalty bonuses of shares – usually if they are held for three years – to discounts on bills. The maximum electricity discounts are only available to those who hold the shares for 32 months.

Lest it be thought that the exclusion of water shares from *the above calculations has* unduly biased the sample, it should be pointed out that nearly all the water companies are currently close to their relative peaks against the All-Share. So the evidence is still in favour of the long-term.

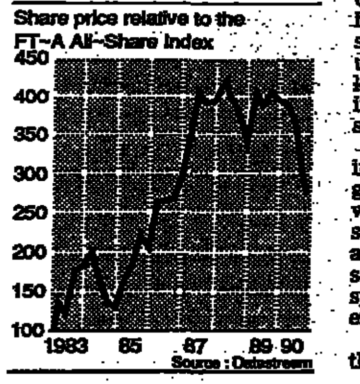
Of course, to paraphrase financial services advertisements, past performance is no guide to the future. The stock market may have entered a long term bearish phase; the Labour Party may be elected and carry out its current policy of taking the National Grid back into public ownership. But if you do want to invest in electricity, the evidence suggests you should be looking to the longer term.

■ *Figures compiled with the help of Datastream and Privatisation: the Facts, by Price Waterhouse. Averages quoted include later issues by privatised companies that have previously joined the stock market.*



ABP

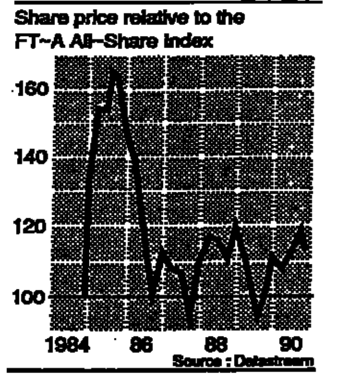
Share price relative to the FT-A All-Share Index



Source: Datastream

British Telecom

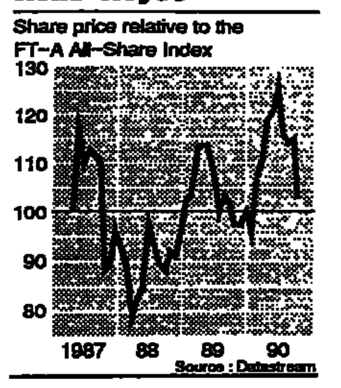
Share price relative to the FT-A All-Share Index



Source: Datastream

Rolls-Royce

Share price relative to the FT-A All-Share Index



Source: Datastream

Broker funds change

INTERMEDIARIES will be allowed to offer "open" broker funds under very tight regulatory controls. But "closed" broker funds are effectively to be banned if the final proposals from the Securities and Investments Board on regulating broker funds go through.

Broker funds, a hybrid investment concept that has developed over the past decade from a fairly simple concept to today's complex investment vehicles, offer a combination of funds from one life company (closed) or a wide range of fund choices (open).

In offering broker funds, the adviser is not only offering a marketing service to his client but an investment/administration service. So SIB is proposing that advisers offering them should demonstrate their competence to be able to manage as well as market them.

The Financial Intermediaries, Managers and Brokers Regulatory Association, which regulates the vast majority of advisers offering broker funds, will have a special authorisation category.

Next, SIB will require advisers to make it extremely clear to clients the nature of the broker fund and the relationship between the client, the adviser and the life company or other financial institution. In addition, SIB wants the underlying investment objectives and strategy to be clearly spelt out. Here, SIB could go further and produce a special Buyers' Guide for broker funds.

This leads on to the requirement to disclose the charges on broker funds. Since broker funds are a combination of life or other pooled funds, the charges paid by the investor are a combination of the charges made by the institution and those made by the adviser for managing the broker fund.

SIB wants these charges to be made clear to the client, particularly an indication of the extra charges, compared with the underlying managed funds run by the institution. SIB has left this problem in the hands of the Life Assurance and Unit Trust Regulatory Organisation and its actuary.

SIB wants regular investment reports to be sent to clients showing not only the performance, but a comparison with one or more benchmark investment statistics.

Finally, SIB suggests that closed funds may not normally satisfy "best advice" criteria. It will be a brave or foolhardy adviser who continues to market closed funds in the face of this warning.

However, the ultimate control on broker funds will emerge from the accompanying proposed regulation from the Department of Trade and Industry that will make life companies fully responsible for all acts and omissions of advisers operating broker funds.

E.S.

Getting the best deal in transferring pensions

OUR series on your pension rights has already described your options when you leave a job. You have the choice of leaving your pension benefits in the previous employer's scheme – as a so-called deferred pension – or taking the cash equivalent of those benefits as a transfer value.

If you decide to take the transfer value, the money has to be invested in some other pension scheme. Essentially there are three choices:

■ Invest the transfer value money in your new employer's company pension scheme, if there is one.

■ Invest in an individual Section 32 Buy-out contract.

■ Invest in a Protected Rights personal pension.

This week's article discusses the first of these options – investing the transfer value in the new employer's scheme.

The first point is that the new scheme, somewhat surprisingly, is not under any legal obligation to accept the transfer. However, most schemes will accept transfer money from a new employee.

A scheme has a number of alternative methods of using this transfer. The most common method is to credit the employee with a certain number of years' service, known as "added years", when calculating benefits.

Last week's article described how transfer values were calculated by a scheme's actuary. When the new scheme receives the transfer value, its actuary has to reverse the calculation process.

But when all these calculations have been completed, the employees invariably finds that the number of added years offered is far lower than the years of service completed in the old scheme.

There are a number of reasons for this discrepancy, the main ones being:

■ The actuary has to allow for the increase in value of the pension over the employee's career.

He will calculate this by assuming a pension value at retirement age, and then discounting that value back by the assumed growth rate, to reach a current value in terms of years service. Thus the higher the rate of growth the actuary assumes, the lower the transfer value.

The actuary of the transferring scheme will assume that the value of the deferred pension will increase by a maximum of 5 per cent a year up to retirement.

However, the actuary of the receiving scheme will assume that the equivalent accrued pension will increase in line with earnings, a growth rate that will be far greater than 5 per cent. This results in a lower value for the transferred sum and a reduced number of added years.

■ The calculation will be based on the employee's earnings at the time of transfer. If the employee's earnings rise on a change of jobs, this will cause the receiving scheme's actuary to allow for payment of a much larger pension – and thus reduce the value of the transfer payment in terms of added years.

The effect of these two factors is shown in calculations supplied by leading consulting actuaries Bacon & Woodrow.

Consider the example given last week of a male employee aged 35 earning £14,000 with 10 years service in the old scheme, who is transferring to a scheme with identical benefits.

If he has no salary increase on the move, he could still find himself under the most favourable circumstances offered seven years eight months credit in the new scheme.

However, if his earnings rise by £4,000 on the move, he could be offered only five years, nine months added years.

■ The calculations are also affected by the retirement age allowed for in the two schemes. An employee transferring from a scheme with a retirement age of 65 into a scheme with a retirement age of 60 will find that the added years are severely curtailed and visa versa.

■ Last week's article explained that the calculation of transfer values by actuaries is made under Guidance Note GN11 from the Institute and Faculty of Actuaries.

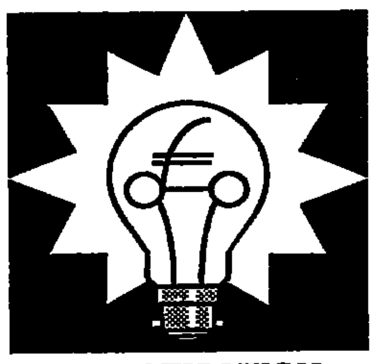
This gives actuaries considerable flexibility in using their professional judgment to determine the basis for calculating transfer values.

The problem for the employee is that he does not know either the assumptions made by the two actuaries or the impact on the added years offered - another reason for having a standardised basis for transfers.

A growing number of company pension schemes are avoiding complications and problems with transfers by offering money purchase benefits. Under this system, the transfer value is held in deposit and credited with interest each year depending on the investment performance of the underlying fund.

The accumulated sum at retirement is used to buy a pension. But whether such schemes are compatible with a final salary structure is debatable.

Eric Short



PRIVATISATION

Electricity competition

CHAMPAGNE Charlie could be your name if you win our electricity competition, which closes this week. All you have to do is to write to us by first post on Wednesday, November 21 and answer the following questions:

1. At the end of the first day of dealings, which of the 12 electricity companies will be standing at the largest premium (or smallest discount) to its offer price?

2. How many investors will apply for shares in the electricity companies?

The winner of the competition, who will receive a case of Laurent Perrier pink champagne, will be the person who answers Question One correctly and has the closest estimate to the answer to Question Two. As a guide to the latter, more than 7m people have now registered with the share information office, although it is unlikely that all those will apply.

Answers should be sent **on a postcard** to Mrs P Pandya, Electricity Competition, Financial Times, 1 Southwark Bridge, London SE1 9HL. No correspondence will be entered into and the Editor's decision is final.

Next week, the Family and Finance pages of the *Weekend Financial Times* will include a two page electricity special, telling you everything you need to know about the forthcoming privatisation.

FINANCE & THE FAMILY

Insurers deliver 10% blow over homes

THROUGHOUT THE summer, *pundits were warning* householders that house insurance rates would be increased sooner or later.

This week the blow fell when *three major insurance* companies, General Accident, Legal & General and Royal Insurance announced a increase in the underlying rate *of at least 10* per cent. *This will* mean a rise from £2 to £2.20 per £1,000 sum insured – the value placed on the cost of rebuilding the house.

The storms in January and February cost UK insurers more than £2bn in claims. The bill for subsidence claims is not yet known, but is expected to be around £800m. As such, a premium rate of £2 per £1,000 proved quite inadequate.

However, insurers could not decide what the increase in rates should be until they knew the cost of reinsurance for 1991.

Now, they are finding that out, and for Royal Insurance it will be five times what it was this year.

Sun Alliance, the largest house buildings insurer in the UK, and Commercial Union are still considering the situation. But they are almost certain to announce increases very soon.

However, a 10 per cent increase in rates to £2.20 per £1,000 will not cover house insurance claims on the scale seen this year.

Insurers have had to pitch *their increases at a level that* will be acceptable to the public and the building societies. At this level of increase, insurers are hoping that conditions seen *in 1990 will not be repeated for* at least a couple of years.

This will be the fourth time that insurance companies have raised their house buildings rates *in the past decade, after* having held the rate steady at £1.50 per £1,000 sum insured (or its pre-decimal equivalent) for nearly 50 years.

Now there are signs of growing resistance from householders to paying ever more for insuring their houses, particularly from those who have not made a claim.

Property owners in Aberdeen, *with* their houses built on granite, are starting to ask why they should pay towards the subsidence claims of householders in south-east England, *whose homes are* built on clay.

Sun Alliance and Royal, the second largest house buildings insurer, have both stated that *house buildings will have* differential rates, similar to the system used for insuring house contents, by the end of next year. The premium will depend *on type, size* and age of building as well as geographic location.

Previously, when one company increased its rates the rest soon *followed. There was* little opportunity for householders to shop around.

This time, however, there are strong indications that not all insurance companies are under the same level of pressure to increase their rates. There could be some well-known names still offering the old rates and householders, for the first time, could have a realistic chance to shop around.

Norwich Union has said that it will not be putting up rates, at least in the first few months of 1991.

It will also shortly introduce a house insurance policy for people aged 55 and over, which will not only give lower rates *for contents*, as with the recently described Homeshield from Royal, but on buildings.

Householders need to remember that their house *building* insurance premium is affected by two factors.

First, there is the sum insured which is automatically increased each year in line with *the rebuilding cost index* calculated by the Royal Institution of Chartered Surveyors. Their insurance premium will increase by at least this amount.

Then the basic insurance rate is applied to the sum insured, so this year householders could be hit by a double blow.

Eric Short

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Cosait	Tuesday	4.5	8.0	4.25
Diploma	Monday	2.25	6.25	2.25
F&C Eurotrust	Tuesday	-	2.16	-
Ferry Pickering Group	Thursday	2.1	3.1	2.1
Fulcrum Investment Trust	Wednesday	2.55	5.25‡	3.0
Glasgow Income Trust	Monday	0.6	0.6‡	0.8
Govett Atlantic Invest Tst	Thursday	1.2	2.3	1.2
Millwall Holdings	Monday	-	-	-
Morland & Co	Thursday	1.575	3.56	1.97
Radio Clyde	Wednesday	2.75	4.75	3.25
Ranks Hovis McDougall	Wednesday	3.82	8.92	3.82
Shani Group	Wednesday	1.6	2.4	1.6
Whessoe	Thursday	1.25	3.75	1.75
INTERIM DIVIDENDS				
Alan Paul	Monday	0.9	2.1‡	-
Amber Industrial Holdings	Thursday	4.4	11.6	-
Anglo American Corp S Africa	Friday◆	85.0	240.0	-
BAA	Tuesday	4.5	7.0	-
Babcock International	Tuesday	1.2	1.8	-
BAT Industries	Wednesday©	9.3	10.4	10.0
Black Arrow Group	Friday	1.0	3.2	-
Bogod Group	Wednesday	5.1	0.22	-
British Gas	Thursday	3.2	7.3	-
Brown Shipley Holdings	Wednesday	4.5	7.5	-
Bulgin A.F. & Company	Thursday	-	0.2	-
Cable And Wireless	Wednesday	3.1	6.9	-
City of London PR Group	Thursday	0.95	1.86	-
CML Microsystems	Tuesday	-	2.3	-
Courtaulds	Wednesday	3.1	8.0	-
Davy Corporation	Thursday	2.75	8.25	-
ECC Group	Tuesday	5.6	13.0	-
EMAP	Monday	1.72	4.78	-
Erskine House	Tuesday	2.3	4.35	-
Fleming High Income Inv. Tst	Tuesday	1.3	1.3‡	1.4
Forward Group	Wednesday	1.0	-	-
Golden Hope Plantations	Wednesday‡	3.0	3.0	-
Goldsmiths Group	Monday	-	1.4	-
Grampian Television	Tuesday	0.7	2.8	-
Harland Simon Group	Monday	1.5	4.5‡	-
Hazlewood Foods	Tuesday	1.8	3.2	-
Hogg Robinson	Wednesday	2.0	3.3	-
JF Fledgeling Japan	Tuesday	-	-	-
Kewill Systems	Monday	-	4.5	-
Martin Currie European Inv	Tuesday	-	-	-
Merchant Retail Group	Monday	-	-	-
Personal Assets Trust	Monday	-	1.0	-
Portsmouth Water Co.	Thursday	-	-	-
Powell Duffryn	Thursday	6.6	16.0	-
Readicut International	Wednesday	0.63	2.81	-
Ritz Design Group	Tuesday	1.33	2.67	-
Rothmans International	Thursday	6.2	9.2	-
Sandvik AB	Thursday†	-	7.5	-
Scantronic Holdings	Tuesday	0.715	2.185	-
Scottish Asian Trust	Thursday	-	-	-
Sketchley	Wednesday	8.5	-	-
Tie Rack	Tuesday	0.465	0.285	-
TR Property Investment Trust	Friday	0.60	0.85	-
Volex Group	Thursday	6.5	10.5	-
Waddington John	Wednesday	3.6	4.3	-
Whitbread & Co.	Wednesday	3.8	11.0	-
Young & Co's Brewery	Tuesday	5.5	8.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ 2nd interim dividend.† Dividends quoted Swedish kronor per share gross.© 3rd quarter figures.‡ Dividends quoted Malaysian sen per share gross.◆ Dividends quoted South African cents per share.

NEWS IN BRIEF

Share service revised by BT

BRITISH Telecom is revising its real-time share price and financial information service. CitiService supplies information on UK shares, foreign exchange, *futures*, *traded* options and the commodity markets and provides business news, broker research and analysis.

If you have a portfolio of shares and unit trusts, you can monitor its performance by typing your investments into the programme. You can also place buy and sell orders with your stockbroker using the share dealing service.

CitiService is part of Prestel, *and you can receive the service* on your television or computer screen. You will need to buy an adaptor for about £250, and thereafter you pay for the service as you use it, at a cost of 39.5p a minute, or less during *off-peak hours*.

For private investors, there is a charge of £42 a quarter for stock market information, and a charge of £100 a quarter for futures information. However, BT is introducing a maximum charge of £450 a quarter for active private investors who regularly *use the stock market* service. A maximum of £900 a quarter will be charged for the futures service.

* * *

GIVEN THE recent cut in the base rate, the rates for guaranteed income bonds have *fallen* too. The following figures are *the best rates available, according* to Baronworth Investment Services.

On one-year bonds, General Portfolio is offering 10.1 per cent on sums of £1,000 to £4,999, while Hambro Guardian is paying 10.8 per cent on sums over £5,000.

On three-year bonds, Canterbury Life is paying 10 per cent on investments of £1,000 to £1,999 while Consolidated Life is paying 10.3 per cent on sums over £2,000.

Canterbury Life is offering 9.5 per cent on five-year investments of £1,000 to £2,499, while Abbey Life is paying 10 per cent on sums of £2,500 to £4,999 and Financial Insurance Group is paying 10.35 per cent on amounts over £5,000.

* * *

COMPOSITE Rate Tax on *deposit interest will be abolished* next April and already the banks and building societies are gearing up to attract customers with special current and savings accounts.

This week, both Lloyds Bank and the Alliance & Leicester announced that they would be *offering split interest on joint* accounts so that in the case of, say, a non-taxpayer wife and taxpaying husband who own a joint account, the non-taxpaying partner will be paid interest gross while the taxpaying *partner will have income tax* deducted at source.

Such accounts will be available from April 6 1991, and it seems likely that more banks and building societies will decide to provide *the facility*.

* * *

BRISTOL & WEST is offering steadily to lower the mortgage rate for its existing borrowers, regardless of future base rate cuts. B & W will gradually reduce the rate from *its current* level of 14.5 per cent to 11.5 per cent in November 1991. The rate will stay at 11.5 per cent for three months and then revert to the prevailing variable rate.

B & W *is optimistic that UK* interest rates will eventually *come down further*. In order to be eligible for the offer, you must have had a mortgage with B & W for at least a year. There is a fee of £85 if you make use of the offer. Redemption penalties are two months *interest if you switch to a new* borrower, and one month's interest if you switch to another type of mortgage with B & W.

* * *

BARCLAYS Bank is to launch a "capped" rate mortgage on November 19 with a maximum *interest rate* of 12.95 per cent (15.4 per cent APR) guaranteed until October 31 1991. After that date the rate will revert to Barclays' standard mortgage interest rate. The difference between the two rates is based on the assumption *that* interest rates will still be at their *present levels after* October next year, hence the higher APR.

The capped rate is available for pension or endowment mortgages of £20,000 or more for up to 90 per cent of the value of the property – 95 per cent for first time buyers. Barclays says *it only has limited* funds available for the capped rate and applications should be made as soon as possible.

* * *

SEVENTY per cent of people in England and Wales do not have a *will*. Inheritance Assured is offering a service whereby *you can make your* will by post – filling in a questionnaire and sending it back to Inheritance Assured, which produces a will.

The service costs £39.95 plus VAT. A second will for your *spouse costs an additional £20* plus VAT. For further information, ring Inheritance Assured on 071-224-8090.

* * *

FIDELITY has launched a phased investment programme for 1990 PEPs. Investors can place either £3,000 or £6,000 in a PEP.*The money will be initially* invested in short term deposits and then drip-fed into equities in six or 12 equal instalments. The scheme may appeal to investors who are cautious about the short-term *outlook for equities*.

Sara Webb

EXPATRIATES

Keep the home fires burning

Donald Elkin explains why you should not sell your UK property

FOR THE majority of *expatriates*, retaining or acquiring a residence in the UK is of prime importance – and with good reason. Not only does it provide a practical and *emotional link* with home, but bitter experience has shown that being out of the property market for a prolonged period can be an expensive mistake for those who intend to return to the UK eventually.

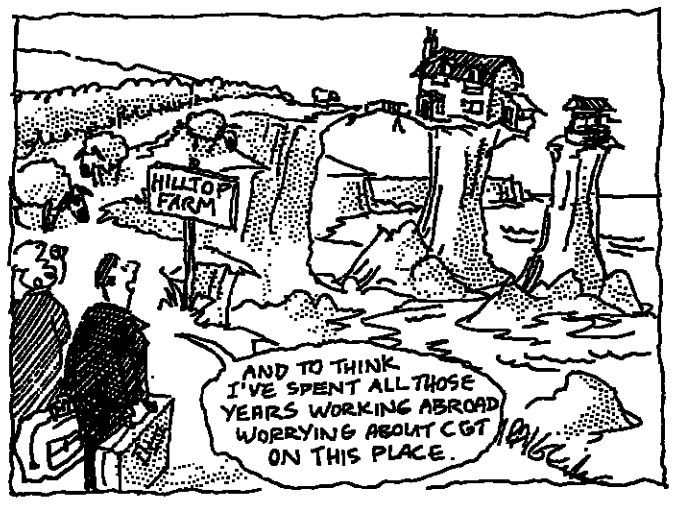
However, owning property in Britain is not without its problems for expatriates. Of particular concern are the circumstances in which you may preserve the principal private residence (PPR) exemption for Capital Gains Tax (CGT) purposes.

There will not be a problem if you sell the property while you are neither resident nor ordinarily resident in the UK, although you should take care that any joint owners enjoy that status too.

However, further consideration is necessary if you plan to retain the property until after your return. The point is, the gainful sale of a property, wherever situated, when you are resident or ordinarily resident in the UK will give rise to a CGT charge unless it was *your PPR throughout your* period of ownership, except for the last two years which will be exempt in any event. Partial exemption is available if this test cannot be fully met.

This rule may cause problems for expatriates as, while abroad, their overseas home *could be their principal place* of residence. The CGT legislation has from the outset recognised these problems and incorporates provisions to deal with them.

Unfortunately, these arrangements are in terms which exclude many who feel *that they are deserving of protection*. It is important to appreciate that, prima facie, a property cannot be regarded as your residence unless you are actually living in it as such.



On the other hand, ownership is not essential and "residence" can encompass property which is rented to you, or even made available at no cost.

If at any *time* there are two or more properties which could *qualify as your residence – for* example, if you live in your town house during the week and in your country cottage at weekends – you can, within two years of this first occurring, nominate which is to be your PPR.

While the Inland Revenue *applies this time limit with* considerable flexibility, it does insist that this right of nomination is available only between properties which are in contemporaneous occupation, in other words, not where they are occupied in sequence.

If your property was your PPR *both before and after* an absence due to a period of employment overseas, it will be treated as your PPR throughout the intervening period.

A concession will even excuse the subsequent period of occupation, if the necessity *for you to work elsewhere* makes that impossible. But you do have to show that throughout your absence from the property, you had "no (other) residence or main residence eligible for relief."

In all of this, satisfaction of the conditions by one spouse will be sufficient, even if the property concerned is owned by the other. Furthermore, letting the property will not, of *itself, exclude the relief*.

These provisions will readily protect the exemption in straightforward cases, for example, where your sole residence was occupied prior to departure overseas and immediately re-occupied on your return, and your home in the *meantime was the company* flat overseas made available by your employer.

In these circumstances, no main residence nomination is necessary. In neither the "before" or "after" periods is there any other property to consider. Furthermore, since you *have no proprietorial* interest in the overseas flat, you can have no liability to CGT in respect of that, so the question of its being "eligible for relief" does not arise.

Unfortunately, there may be no such simple outcome if you buy a UK residence after your *original departure – perhaps* on the sale of the property in which you had lived before being posted overseas.

To set the exemption running, you will need to elect for it – rather than the property which you occupy abroad – to be treated as your PPR. For such a nomination to be accepted, you will have to show both that the UK property *really is being lived* in as your residence ("camping" in an empty house will certainly not be sufficient) and that your occupation of the two properties is contemporaneous.

If the country where you work is a distant one, this may not be at all easy. The problem would, *however, disappear if* your overseas residence qualified as "job related accommodation," in other words you must live there either for the proper performance of your duties or as a result of the special security arrangements.

In these circumstances, the *legislation deems you to be* occupying the UK property as your residence, so a simple PPR nomination in its favour will produce the desired result.

Difficulties are also likely to be encountered if you purchase the property in which you live while overseas. For even if you *have a UK residence which* qualified under the "before and after" rules, the fact of owning the property overseas means that during your absence from the former, you cannot claim that there is no other property "eligible for relief." Only a successful nomination in favour of the UK property, involving the difficulties already described, *can overcome this*.

Many non-residents have no need to submit tax returns. A few prefer to keep things that way, leaving possible CGT problems to take care of themselves. If you do submit a PPR nomination, be warned that it might be met by incomprehension – *or silence*.

If all else fails, bear in mind that *the elimination of taxable* capital gains accrued during a period of non-residence can often be achieved by transferring the property to a simple UK trust in the tax year before non-residence is lost.

■ *Donald Elkin is a Director of Wilfred T Fry Ltd of Worthing, West Sussex.*

Finance for the over-fives

CHILDREN WILL learn about personal *finance* and *investment* at school if the government takes up a proposal of the Bow Group, a Conservative think-tank.

The new national curriculum should, the authors believe, contain a course called "Personal Finance and *Money*". *To make this feasible*, big investment houses should provide courses for teachers, with the costs being tax-deductible. Pupils will be taught the meanings of gilt-edged stocks and unit trusts and will *be required to understand dividend* yields and price-earnings ratios.

If the plan is adopted, it would certainly change the nature of schoolroom chatter. "Sir, Johnny is trading options *behind the bikesheds*," *or* "Miss, my dog ate my portfolio" will become catchphrases round the land.

The authors make the serious point that the vast majority of the population leave *school without any knowledge* of finance issues and yet many individuals, largely through inheriting property, are becoming wealthier than ever before.

Other proposals from the Bow Group are that Personal Equity *Plans should* be replaced with CIAs (Capital Investment Accounts) which will give basic tax relief at source on money invested in equities.

Capital gains tax should also *be replaced with an Asset* Speculation Tax, which would only apply to investments held for under a year. Individuals with personal pensions will have greater freedom to manage *their assets after* retirement rather than being forced to purchase an annuity.

Companies will be prodded into encouraging small shareholders by the production of a booklet called "How to read and interpret the company report and accounts."

Ideas from Conservative think-tanks have been translated into government policy in the past. What will happen to the Bow Group's proposals may depend on the Conservative leadership election – the *Bow Group is traditionally* associated with the Heseltine wing of the party.

Philip Coggan

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Blenheim Exhib.	*Aug*	*21,300*	*(9,600)*	*58.3*	*(37.8)*	*20.0*	*(13.0)*
BOC Group	Sept	354,300	(333,400)	51.3	(48.2)	20.4	(19.1)
Bridport-Gundry	July	578	(1,040)	3.41	(5.06)	3.8	(7.0)
British Empire	Sept	1,110◆	(1,440◆)	0.84	(1.08)	0.78	(0.71)
Burton Group	Aug	133,100	(216,800)	17.3	(28.1)	6.0	(9.2)
Clydesdale Bank	*Sept*	*70,200*	*(58,700)*	-	(-)	-	(-)
Concentric	Sept	9,200	(8,180)	28.4	(27.2)	11.0	(9.36)
Drayton Cons.	Sept	5,950#	(5,200#)	17.2	(15.0)	17.0	(16.0)
Essex Furniture	June	532	(499)	4.0	(4.57)	2.0	(-)
Five Oaks Invest	June	857	(4,930)	3.13	(8.41)	1.0	(1.8)
Jessups	*Aug*	1,380	(2,800)	6.98	(18.7)	7.0	(7.0)
Manganese Bronze	July	4,660	(5,530)	18.1	(23.1)	8.0	(7.5)
McLeod Russell	Sept	7,750	(8,740)	13.4	(14.4)	5.8	(5.25)
Mid Kent Hldgs.	Sept	8,360	(6,010)	27.1	(26.0)	10.5	(6.0)
Moran Holdings	June	225	(1,180 L)	-	(-)	1.0	(1.0)
Principal Hotels	June	1,110	(1,460)	3.3	(5.3)	1.0	(2.0)
Rectaminster	June	901 L	(308)	-	(5.6)	-	(2.0)
Tomkinsons	Sept	1,580	(3,780)	16.6	(40.5)	11.5	(11.5)
Wardle Storeys	Aug	11,080	(7,250)	29.8	(19.1)	15.0	(14.5)
Wellcome	Sept	315,100	(282,800)	22.7	(19.7)	6.5	(5.05)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AAH Holdings	Sept	18,100	(16,100)	4.95	(4.5)
Act Group	Sept	5,360	(2,000)	6.25	(0.75)
American Business	Sept	4,650	(3,980)	1.0	(0.8)
Amersham Int'l.	Sept	7,200	(6,100)	3.7	(3.7)
Aodax Properties	Sept	192	(82 L)	-	(-)
Bank of Ireland	Sept†	15,800	(93,500)	4.0	(4.0)
BET	Sept	137,000	(145,000)	4.25	(4.0)
Body Shop Int'l.	Aug	6,690	(5,320)	0.52	(0.43)
Boots	Sept	161,700	(159,900)	4.1	(5.85)
British Airways	Sept	326,000	(288,000)	2.8	(2.8)
British Steel	Sept	307,000	(423,000)	3.0	(2.75)
Butte Mining	June	1,370 L	(788)	-	[illegible]
Cater Allen	Oct	n/a	(n/a)	6.0	[illegible]
Classic Thoroughbred	June†	2,530 L	(5,740 L)	-	[illegible]
Commercial Union	Sept‡	27,200	(110,300)	-	[illegible]
Crossroads Oil	Sept	17	(93 L)	-	[illegible]
De La Rue	Sept	28,300	(16,552)	3.25	(3.25)
Dunhill Holdings	Sept	33,600	(25,700)	2.6	(2.0)
East Surrey Water	Sept	1,730	(-)	3.0	(-)
Electrocomponents	Sept	24,700	(23,900)	1.8	(1.7)
FKI	Sept	26,300	(35,400)	2.0	(2.0)
GEI International	Sept	3,100	(2,950)	2.47	(2.35)
General Accident	Sept‡	73,300L	(137,000)	-	(-)
Graham Wood	Sept	607	(885)	3.0	(6.0)
Great Portland Est.	Sept	19,720	(18,170)	3.4	(3.0)
Hadleigh Industries	Sept	1,100	(880)	2.2	(2.0)
Heath CE	Sept	10,200	(10,600)	7.5	(7.5)
Hicking Pentecost	Sept	420	(153)	0.6	(0.5)
Land Securities	Sept	102,700	(80,800)	5.5	(4.75)
Locker (Thomas)	Sept	1,040	(847)	0.5	(0.5)
London Int'l. Group	Sept	18,600	(16,200)	3.0	(2.7)
Marshalls	Sept	9,210	(16,840)	1.25	(1.25)
Mercury Asset Manage	Sept	25,200	(28,200)	6.0	(6.0)
Meyer International	Sept	25,800	(40,500)	4.2	(4.2)
New London	Sept©	509♠	(194♠)	-	(-)
Oxford Instruments	Nov	6,100	(4,000)	1.35	(1.2)
Parkland Textile	Aug	517 L	(1,480)	-	(-)
Regalian Properties	Sept	5,230	(6,510)	1.5	(1.5)
Rexmore	Sept	524	(503)	0.7	(0.7)
Royal Insurance	Sept‡	91,000L	(125,800)	-	(-)
RPH	Sept	55,790	(53,900)	-	(-)
Sanders & Sidney	Sept	912	(365)	3.45	(2.3)
Sedgwick Group	Sept‡	78,500	(76,300)	-	(-)
Shaw (Arthur) & Co.	Sept	235	(559)	1.3	(1.3)
Shires Investment	Sept	2,699♠	(1,760♠)	7.9	(7.35)
600 Group	Sept	1,660	(4,420)	1.5	(2.46)
Somic	Sept	56 L	(103)	-	(1.6)
Sotheby's Hldgs.	*Sept‡§*	*111,700*	*(82,700)*	*51.3*	*(58.0)*
Staveley Industries	Sept	11,000	(8,900)	2.3	(2.1)
Thorn EMI	Sept	96,200	(106,100)	9.0	(6.5)
Ultramar	*Sept‡*	*78,900◆*	(76,200◆)	-	(-)
Unigate	Sept	41,400	(44,290)	6.7	(5.7)
Unilever	Sept‡	1.33bn	(1.26bn)	4.86	(4.51)
VSEL Consortium	Sept	16,540	(12,130)	7.0	(3.0)
Warburg SG	Sept	86,300	(102,600)	4.5	(4.5)
Whitbread Invest. Co	Sept	7,000	(5,840)	3.95	(3.36)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Figures for 9 months.† Figures quoted in Irish punts & pence.# Net revenue.◆ Net profits.♠ Net income.© Figures for 3 months quoted in US dollars.§ Figures quoted in US dollars & cents.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000	0-7
High interest cheque	8.10	8.40	6.70	monthly	1	5,000-9,999	0
High interest cheque	8.30	8.60	6.90	monthly	1	10,000-24,999	0
High interest cheque	8.50	8.80	7.00	monthly	1	25,000-49,999	0
High interest cheque	*9.10*	*9.50*	*7.60*	*monthly*	*1*	*50,000*	0
BUILDING SOCIETY†							
Paid up share	6.00	6.09	4.67	half-yearly	1	1-250,000	0
Instant Xtra	8.95	8.95	7.16	yearly	1	500	0
Instant Xtra	9.20	9.20	7.36	yearly	1	2,000	0
Instant Xtra	9.45	9.45	7.56	yearly	1	5,000	0
Instant Xtra	9.70	9.70	7.76	yearly	1	10,000	0
90-day	9.45	9.67	7.73	half yearly	1	500-9,999	90
90-day	10.20	10.46	8.37	half yearly	1	10,000-24,999	90
90-day	10.70	10.99	8.79	half yearly	1	25,000-49,999	90
90-day	*11.20*	*11.51*	*7.21*	*half yearly*	*1*	50	
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th Issue Φ	9.50	9.50	9.50	not applica	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applica	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.92	11.48	9.17	monthly	1	2,500	0
Provincial Bank	*10.24*	*10.73*	8.59	*monthly*	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	11.39	9.34	8.11	half yearly	4	-	0
8pc Treasury 1992	11.37	9.31	8.07	half yearly	4	-	0
10.25pc Exchequer 1995	11.20	8.59	7.02	half yearly	4	-	0
8.5pc Treasury 1994	11.28	9.06	7.72	half yearly	4	-	0
3pc Treasury 1992	9.24	8.44	7.96	half yearly	4	-	0
Index-linked 2pc1992§§	11.76	8.95	8.66	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day: Immediate access for balances over £5,000.Φ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Week Ahead

TWO COMPANIES which have enjoyed, or rather suffered, the attentions of Sir James Goldsmith, the financier who claims to be retiring, are reporting on Wednesday.

BAT Industries, the tobacco and financial services group, is announcing third quarter figures – the first set of numbers to exclude the *demerged subsidiaries*, Argos, the catalogue retailer, and Wiggins Teape Appleton, the paper maker.

The fall in stock markets will have affected the investment returns of Eagle Star, BAT's insurance subsidiary which has also suffered high underwriting losses. Currency moves will hit *translation of overseas* profits.

There is a range of forecasts from £95m to £115m for pre-tax profits, against £404m in the same quarter last year, adjusted to exclude Argos and Wiggins Teape Appleton and to take account of the change to average exchange rates.

Ranks Hovis McDougall is the other company, and Sir James' Sunningdale still holds *around 27 per cent of the* shares.

RHM is reporting full year figures, for the period to end August, and warned at the interim stage of a likely drop in profits. Estimates range around £165m against £176.5m.

***If* British Gas *is lucky in the* half year to the end of September, it may report on Thursday a profit of just a few million pounds, perhaps as much as £20m, or it could dip slightly into the red. Gas keeps its entire staff going during the summer, but doesn't sell much gas. Full year profits are earned mainly in the winter and could top £1.2bn.**

An increase in British Gas's interim dividend, however, could signal a more generous pay out for the entire year.

The half year results should also give some clues as to the progress of British Gas's exploration and production programme.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Autos Distinction	$12\frac{1}{2}$	12	13	4.04	*Cargo Control*
Birmingham Mint	85*	82	60	12.19	IMI
Capital Leasing	Ir44*	Ir40	Ir$18\frac{1}{2}$†	Ir12.47	BNP
Carroll (P.J.)	*Ir180*§*	*Ir154*	*Ir125*	Ir72.84♠	Rothmans Intl.
Davies & Met. Ord	275*§	270	270	13.48	Thyssen Ind.
Davies & Met. A	265*§	260	250	4.85	Thyssen Ind.
Foseco	275*	279	186	236.8	Burmah Castrol
Klark-Teknik	69*	68	63	11.00	Mark IV
Lowe Grp.	455	427	265	118.00	Interpublic
Priest (B.)	112*	115	90	44.9	Intl. Marine
Priest, Marians	32§	33	30	4.51	Grovewood Secs.
STC	327*§	315	291	1.9bn	*Nthn Telecom*
Xtra-Vision	Ir$5\frac{1}{2}$	Ir$5\frac{1}{2}$	Ir7	Ir5.02	Cambridge Group

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 16/11/90. †At suspension. §§Shares and Cash. ♠ Value of 61.3% not already owned

RIGHTS ISSUES

England J Group is to raise £2.9m via a two-for-one rights issue.

Hunterprint is to raise £13.6m via a *rights issue* of 150m new ordinary shares at 10p.

FINANCE & THE FAMILY

Sara Webb finds where fund managers are putting their money in E. Europe

Sun rises — slowly — in the East

REMEMBER THE rush into Eastern European funds last year? No self-respecting fund manager could do without a fund where part – if not all – of the money was to go into East European ventures and listed companies with interests in the newly-emancipated Eastern bloc.

Investors, private and institutional, stampeded into the funds and their managers have spent the last few months searching high and low for good investment opportunities.

However, Eastern Europe has not proved an easy place in which to invest and many fund managers have taken time to select their companies and joint ventures. But they stress that these funds are for the long-term investor (and the seriously wealthy one too, given that the minimum investment is often in the region of $50,000) and that it may take several months to invest fully.

So how have some of the new funds invested their money?

■ The Hungarian Investment Company raised $100m with a minimum investment of $50,000. By August, the fund had invested about 20 per cent of the money raised, half in Hungary, and half in Western companies which were doing significant business in Hungary. Eventually, the fund hopes to be invested 80 per cent in Hungary and 20 per cent in Western companies.

John Govett, which manages this fund, has so far invested the following: $6.1m in Nikex, the Hungarian trading company for heavy industrial products; $1.6m in Graboplast, a manufacturer of artificial leather for suitcases and seat covers, which John Govett claims has a wide client base in the west and was well managed but which needed more finance and additional contacts; $2.8m in Terimpex, which handles nearly all the export of meat products and needs capital to buy into some of the abattoirs and farms so that it can secure its supply lines; and Ibusz, the national travel agency which was privatised recently, though John Govett only received about $50,000 worth of shares – "a pittance" according to adviser Steve Wood.

The rest of the fund's money is invested in Western companies which conduct significant business with Hungary. It has about $7.5m invested in Austrian shares and the balance is on cash deposit. John Govett valued an initial $100,000 investment at $86,250.

■ The First Hungary Fund from Bear Stearns is not fully invested as a result of a dispute with its appointed manager. The fund raised $80m but has no more than $1m to $2m in Ibusz and the rest in US treasury bills.

"There is a certain amount of frustration that the fund is not more fully invested," said a spokeswoman. The fund is a private investment company which is not listed or traded so the investors, many of them private despite the minimum investment of $500,000, are locked in for five years.

■ Deutschebank Capital has two funds listed on the New York Stock Exchange which, when originally set up, were free to invest in East Germany. Since its launch, however, East and West Germany have united and the funds are chiefly investing in West European companies.

The New Germany Fund Inc raised $431m and has invested all of the money. Up to 15 per cent of the money can be invested in companies which are not quoted, "but the fact is, up to now we have not made a single investment in East Germany," says Mario Keller, executive vice president for the funds. "We have focused on companies which are benefiting from the economic development in East Germany, in other words, West German or other European companies."

The Future Germany Fund Inc raised $258.7m and has bought shares in companies which have invested in East Germany and which stand to benefit from the developments, for example retailers which have done well from the consumer boom.

"We see a lot of potential . . . West German companies are injecting capital and know-how" says Keller.

■ Tyndall's Emerging Eastern Europe Fund has discussed several investments in Eastern Europe, and says that it has a handful of projects at an "advanced stage of negotiation."

These include three projects in Yugoslavia – a greenhouse project, an irrigation project, and a meat export project, as well as a urea plant in Bulgaria. However, the company is quick to point out that of perhaps a hundred projects which they might consider, only two or three reach the negotiation stage.

The frustrations have included bureaucracy and lack of familiar accounting and legal practices. As Steve Wood of John Govett points out: "The process of investing in Hungary is rather time-consuming and slow at the start. The hurdle in the short term has been that so many of the assets are owned by the state and privatisation possibilities have been very slow."

Whatever the initial enthusiasm, few contemplate making a quick buck in the Eastern bloc – most investors will have to set their sights on the long term.

Carol Parker runs the rule over a bank sibling

Barclays Unicorn puts its house in order

IT HAS BEEN a very busy year at Barclays Unicorn's City office next to St Paul's Cathedral in London. Early in 1990 the company was involved in restructuring by its Barclays Bank parent designed to streamline the group's financial services operation and bring all of its products in this field under one roof.

This year also has seen Barclays Unicorn involved in the creation of two new offshore companies. Barclays Investment Funds (Luxembourg) will offer offshore investors the chance to invest in international equity markets through six specialist sub-funds, and Barclays Asian Selection Funds, a Hong Kong based subsidiary, will offer offshore investors access to South-East Asia's major open stock markets.

In addition, Barclays Unicorn is installing a client-based computer system which, it is hoped, will allow it to sharpen its marketing strategy and improve its administrative back-up. To symbolise the new-look company, a redesigned Barclays Unicorn logo is being introduced.

The blemish on this otherwise bullish face presented by Barclays Unicorn is the recent performance of the company's stable of funds which, as the table shows, has been at best generally lacklustre and in some cases downright bad.

Of the 19 funds which have been running since November 1 1985, 18 have underperformed their sectors, with the Recovery fund the only exception. The majority of the group's funds have also underperformed the averages over the last three years.

The Barclays Unicorn funds are managed by sister company, Barclays de Zoete Wedd Investment Management, and John Kelly, BZWIML's director of asset management, argues that the performance figures are not as bad as they may appear.

While conceding that the funds had a bad time in 1989 and early 1990 because of a heavy bias towards smaller companies which underperformed the market, he argues that – because the performance figures are calculated on a cumulative basis – this gives a distorted picture of the funds' overall performance in recent years.

Nonetheless he admits that

> The company is as eager as any other to extend its customer base

there are "no excuses" for the smaller companies misjudgment and concedes that investment strategy in the past was "too bottom up and too value-oriented", concentrating on identifying good quality, longer-term situations at the expense of broader market trends.

A review of all the funds has recently been completed which was designed to refine the various funds' objectives and to re-target them at a more detailed level.

As a result each individual fund will be more clearly differentiated and its own individual strategy more narrowly defined. The benefits of this review are already beginning to show in improved performance figures, says Kelly.

Only time will tell whether this improvement will be sustained over the longer term, but Peter Dennis, managing director of Barclays Unicorn, is confident that it will.

"The important thing," he says, "is that we have recognised the problems and now we are taking action."

Dennis believes that, as the UK's sixth-largest unit trust group, with more than £2bn of funds under management, 25 UK trusts, and 12 Jersey funds – as well as the new Luxembourg and Far Eastern funds – the company is now better-placed than most to weather current uncertainties in the unit trust industry.

For one thing, the company, unlike many others, has enjoyed a positive cash flow this year. Peter Dennis attributes this to the large volume of Barclays Unicorn's monthly savings plan business, traditionally a central plank of the company's marketing strategy. This loyal base of monthly savers provides the company with a steady income flow.

The company is of course as eager as any other to extend its customer base and one area Dennis is keen to exploit is the ready-made pool of potential clients represented by Barclays Bank's 6m or so personal customers. Only about 170,000 of these are currently clients of Barclays Unicorn, so the potential for new business here is clearly considerable and the strength of the Barclays brand name an obvious asset.

Peter Dennis believes that, following the rationalisation of the bank's financial services business earlier this year, the establishment of regional offices around the UK under the Barclays Financial Services name will make it much easier for him to target these customers.

Areas of overlap have been reduced and bank staff in Barclays' 2,600 UK branches will now have a clear single point of contact for following-up inquiries at the front line from customers interested in the group's unit trusts and other products.

Unit trusts under management

	Size (£m)	Launched	Performance over 5 years	sector
America	34.6	1974	-15.7	+3.3
American Recov	5.6	1989	n/a	n/a
Australia	8.0	1964	-6.2	+14.1
Barclaytrust Inv	31.1	1974	+36.6	+56.2
Capital	82.0	1957	+35.7	+43.0
European	61.3	1985	+69.3	+76.6
Extra Income	182.5	1972	+61.6	+69.4
Financial	54.0	1967	+8.6	+16.2
500	244.9	1966	+40.8	+56.2
General	233.6	1959	+52.3	+56.2
Gilt & Fixed Int	50.8	1980	+26.2	+29.5
Growth Accum	67.6	1970	+25.7	+43.0
Income	263.0	1964	+51.9	+69.4
Income Builder	16.2	1990	n/a	n/a
Internat Inc	28.3	1986	n/a	n/a
Japan & General	41.1	1981	+41.9	+123.8
Japanese Spec Sits	8.4	1988	n/a	n/a
Leisure	16.5	1984	+28.2	+43.0
Recovery	61.3	1971	+50.8	+43.0
Smaller Companies	16.6	1987	n/a	n/a
Special Sits	32.4	1972	+16.2	+43.0
Trustee	47.2	1961	+40.9	+56.2
Universal Tech	4.6	1983	-2.2	+39.0
Worldwide	44.2	1973	-4.6	+39.0

Source: Micropal. Performance figures are offer to bid, with income reinvested

DIRECTORS' TRANSACTIONS

Mountleigh in demand

MOUNTLEIGH has suffered more than most in the property sector, falling to a low of 60p. Directors have been buying considerable quantities of both the ordinary and preference shares, with Clive Strowger, who was appointed in March, having a particularly large appetite for stock.

Substantial buying by directors has also occurred at Richmond Oil & Gas. The joint managing directors, David Wilkinson and Michael Hogue, have borrowed £2.8m and acquired a considerable tranche of shares at 125p, a 42 per cent premium to the share price.

The shares sold by Mike Tilbrook in MMT Computing have gone to Groupe Segin, a French company which now has a friendly 17 per cent stake. Alan Shiach, chairman of drinks group Macallan-Glenlivet, continues to lighten his holding at the same time as Suntory and Remy Martin increase theirs.

The stock sold by Messrs Sinclair and Goldsmith in the eponymous surveying company has been acquired by the group's employee share ownership plan.

Angus Macdonald, Directus

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
AMEC	1,800,000	3,222	1
Castletown Press	100,000	88	2
Henderson Admin	3,000	15	1
Kingfisher	6,000	23	1
Lloyd Thompson	150,000	405	1
Macallan-Glenlivet	115,000	627	1
Marks & Spencer	120,000	279	2*
MMT Computing	598,751	697	1
Renishaw	45,000	113	2*
Sinclair Goldsmith	917,000	298	2
Tay Homes	75,000	71	1
Watmoughs	6,600	20	1
PURCHASES			
Betterware Consumer	25,000	34	1
Burford Holdings	107,839	38	1
Castletown Press	100,000	88	1
Ewart	69,000	31	1
Henderson Admin	5,000	25	1
Inoco	250,000	18	1
Johnston Group	10,000	24	1
Mountleigh	37,000	22	3
Nu-Swift	80,000	392	1
Prospect Industries	250,000	13	1
Richmond Oil & Gas	2,240,000	2,800	2
Telfos Holdings(1)	9,666	12	1
United Energy	3,904,036	78	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. (1) denotes a transaction reported late to the Stock Exchange. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 5-9 November 1990.

Source: Directus Ltd, Edinburgh

Skandia ties the knot with F&C

YOU CAN NOW link your personal pension or mortgage endowment policy to an investment trust, thanks to a partnership between Skandia Life and Foreign & Colonial.

There have been attempted (and not particularly successful) partnerships between insurance companies and investment trusts before but this is believed to be the first time that a complete range of savings policies has been linked to a single trust.

Foreign & Colonial Investment Trust, which has a market capitalisation of around £700m, is now the largest trust following the takeover of Globe earlier this year. It has an international portfolio, and as of September 30, its assets were split 46 per cent (UK), 26 per cent (US), 10 per cent (Japan), 3 per cent (other Far East) and 13 per cent (Europe).

The trust was founded in 1869 and has an impressive investment record. Its shares have outperformed the FT-A All-share Index by 31 per cent over the last five years and by 70 per cent over the last 25.

Investment trusts in general have an impressive record. A saver who put £1,000 into the average investment trust in 1945 would have seen his money grow to £243,516 by June 30 1990. The same money invested in a building society would be worth just £8,393.

A savings policy linked to the trust would work in the same way as a unit-linked policy. Skandia will use the monthly contributions paid by the investor, as part of a personal pension plan, endowment policy or whatever, to buy shares in the investment trust. The value of the shares will determine the eventual value of the policy.

Investment trusts have suffered in competition with unit trusts because of their inability to break into the primary savings markets, where many policies are sold by financial advisers. The new Skandia/F & C policies will be sold through financial advisers, which means that commissions will be paid, perhaps as much as 115 to 120 per cent of the first year's contributions.

The most cost effective route for pension investors might be to take out a single premium pension, which incurs only 4 per cent commission, but still attracts tax relief at the highest marginal rate.

Philip Coggan

Sexual equality and the taxman

I AM A female, self employed and earned £30,000 last year. My husband is now 65 and has no income (no pension) other than interest from building society accounts. This year his interest, which is received after deduction of composite rate tax, will amount to £10,000 approximately. He will receive no interest gross.

In the last tax year (1989/90), before independent taxation, we were taxed jointly in my husband's name, with the higher personal allowance of £4375 and wife's earned income allowance of £2875 being deducted from my income.

I have been advised that this tax year, with independent taxation, I shall have only my personal allowance to set against my income for tax purposes. My husband's personal allowance and the married couple's allowance cannot be transfered to me, as it will be absorbed by his building society interest even though that is received net of tax. Is this correct?

Tax-wise as a couple we shall be worse off because the woman is the earner. If the self-employed earner were male and the wife held the savings accounts, then the man would have his personal allowance plus the married couple's allowance to set against his income. If this is correct, it seems there is sex discrimination in the tax laws.

Because of independent taxation, we also as a couple seem to be worse off this year. In 1989-90 £7,160 allowances were deducted from my income; this year it will possibly be £3,005. Is there a case under the transitional rules for my allowances for 1990-91 and following years to be fixed at £7,160?

■ Yes, we are sorry to have to confirm that your husband's decision not to transfer his savings from UK building societies to a more suitable place during 1989 (eg a bank in the Channel 'slands or the Isle of Man) w prove expensive.

The l ;islation was passed in 1988, and there have been free explanatory pamphlets available at tax offices since quite early last year, as well as a lot of coverage in the FT and elsewhere, so it is unfortunate that you did not realise a year ago that you should try to persuade him to move his money to a new home.

It may be that the UK building society movement deserves some criticism for not giving greater publicity to the fact that many of its traditional customers might find it beneficial to shift their savings elsewhere, in anticipation of the start of independent taxation. Similar criticism might be levelled at the UK banks, perhaps. We have done our best to ensure that FT readers did not fall into the catch-as-catch-can trap of the RRT/CRT scheme, *so we are particularly sorry* that you missed our warnings.

Everything depends upon *the interest payment dates*, of course, but perhaps something can be salvaged for the current tax year by switching the money even at this late stage. The present Chancellor's prompt reversal of his predecessor's policy on the RRT and CRT schemes means, of course, that the problem will not arise after April 5 1991.

Yes, there is indeed sex discrimination in the tax laws. There is also discrimination on grounds of nationality etc. In matters of national finance, expediency appears to take precedence in MP's decisions, whichever party be in power at that time.

The relevant legislation is to be found in sections 257B and 476(8) of the Income and Corporation Taxes Act 1988. Section 257(B) was inserted by section 33 of the Finance Act 1988. In a local reference library, you should find the legislation in, for example, the *British Tax Encyclopedia* or *Simon's Taxes*.

We also have to advise you that nothing in this reply should be construed as *investment* advice.

Revenue's debt

RECENTLY, you have rightly drawn attention to the Inland Revenue penalties for not making a tax return by the due October date. What is the position when the boot is on the other foot? The Inland Revenue owes me over £1,000 for tax overpaid for the previous year. The sum is agreed. I have been deprived of interest on the sum for many months – what is the remedy?

■ First, write to the District Inspector at your tax office, marking both the letter and the envelope "For the attention of the District Inspector". If you receive no satisfaction within ten days, write to the Principal of the Inland Revenue, Southeast Regional Office, Albion House, Chertsey Road, Woking, Surrey, GU21 1BT.

If you receive no satisfaction within a fortnight, write to the Chairman of the Board of Inland Revenue, Somerset House, Strand, London, WC2R 1LB. If you receive no satisfaction within a fortnight, write to your MP at the House of Commons, London, SW1A, 0AA.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Daughters' portfolio

I HAVE two adult daughters. I manage my own share portfolio and also my wife's portfolio of shares. In order to reduce liability to inheritance tax when I die, I have lately begun building up a new portfolio of shares, bought in the joint names of myself and the first of my two daughters.

I assume that the purchase by me of my daughter's half share in these joint holdings will avoid IHT liability up to the £3000 a year gift rules allowance and, over that *amount, the seven years rule* will apply from the date of purchase if I die within that period, otherwise no IHT will be due on these costs.

I assume that in law as joint holders we hold these shares as tenants in common without having to specify this requirement. I have arranged my will so that I leave my half share of these jointly held shares to the second of my two daughters, so that when I die both of my daughters will be equal joint holders of these shares.

My first daughter has said she does not need her half of the dividends from these *shares and wishes me to have* her half of the dividends as a gift, as and when they arise. As I am first named on the share certificates, all the dividends will be posted to me and put into my bank account. My first daughter will include all details of her half share in these investments and their dividends in her tax returns to the Inland Revenue, as I will *similarly include my half in* my tax return.

Are there any IHT income or *capital gains tax pitfalls in* this arrangement?

■ Joint interests other than interests in land are not divisible into tenancy in common or joint tenancy. The joint shareholding will accrue to the survivor. You are correct in your view that the annual exemption and the PET provisions will apply to the share purchases which you have made in your daughter's name. The effect of your will may give rise to a claim by the second daughter to the value of your half share of the shares rather than to the shareholding element in specie; but that can be resolved by your executors appropriating shares to the legacy.

Correction

LAST Saturday's Briefcase *contained two errors regarding* Capital Gains Tax. Our tax experts have provided the following clarifications:

1. In the question regarding "a home for mother," the reader bought a flat in 1981 for £8,000 as a home for his widowed mother. The flat was put in his mother's name but held in trust for the reader. The reader wanted to know whether he would incur any tax liability if he decided to sell the flat because his mother moved to sheltered accommodation. There are two points to take into consideration. First, if there is a liability, then it would indeed fall on the reader as the sole person beneficially entitled. However, according to *the CGT legislation a property* which was bought before 1988 for a widowed mother is exempt from CGT as long as it is sold within two years of her moving out.

2. In the question regarding share transfers between husband and wife, the acquisition cost/value for the wife for CGT purposes is the cost of the shares when originally bought by the husband (appropriately indexed) and not the value at the date of transfer to the wife.

Nick Garnett meets a former communist turned entrepreneur

The capitalist who came in from the cold

MICK COSTELLO, former industrial organiser of the Communist Party of Great Britain, sits behind an Amstrad 640k computer in the basement office of his home in Maidstone. Is he a capitalist now? "What else," he says.

From here, Costello, once questioningly described in headline in the *Sun* newspaper as "The most dangerous man in Britain?", now runs a business consultancy on trade between British companies and the Soviet Union. "I have been around a long time and know a lot of people over there." Some of those are former *apparatchiks trying to flee a moribund* system by running quasi-private industrial co-operatives in the Soviet Union. The son of a New Zealand diplomat once based in Russia, Costello speaks perfect Russian.

Back among those choleric labour disputes of the 1970s, the smart-dressing 54-year-old organised the Communist factions within Britain's trade unions. Right now, what is occupying his mind is how to supply 1m lipstick cases to Russia and the technicalities of selling Russian bark to a British fertiliser maker.

Costello left the Communist Party in the early 1980s and after a spell as industrial correspondent of the *Morning Star* began work for Newham borough council in east London. He helped set up Newham Chamber of Commerce Ltd, designed to develop trade between the London borough and the district in Moscow with which it is twinned. That operation is still seeking funding so at the moment Costello functions as a consultant on trade with the Soviet Union from his semi in Kent.

Costello says the shift in his philosophy results from the failure of Soviet central planning. Sounding like a trainee with Arthur Young he hits the nail on the head. "There is something missing – motivation for the individual."

For someone who was asked more than once whether he had been an agent of the KGB, Costello has a caustic view of the Soviet system. It has bred, he says "habitual lying and self deception" and failed to deliver the goods. "There is a shortage of everything, transport, phones, fax machines, *copying machines, just the* bare essentials in shops. I have even been asked if I can come up with a source of cigarettes."

But he has great faith in the ability of Soviet citizens and thinks there is real growth potential in trade between British and Soviet businesses, providing British companies get off their backsides.

Trevor Humphries

Mick Costello: new role for 'the most dangerous man in Britain'

Costello is attempting to tackle everything from finding premises in the Soviet Union for British companies and in London for Soviet businesses to setting up hard currency shops. Some of the trade deals he is involved with vary from the unsurprising to the vaguely bizarre. One of these is a proposal from a Soviet manufacturer of cabin cruisers to sell Russian-made boat hulls to Britain. One British company has asked Costello to find a Soviet company prepared to do bulk picture framing.

Since setting up on his own eight months ago, Costello has sunk £17,000 into the business, partly raised against an insurance policy. The biggest element has been funding trips to the Soviet Union, six of which have been made this year. "The flight will cost between £250 and £400. Hotels cost between £60 and £110 a night. I travel internally by plane. You can travel by train but the distances are too long and the trains too slow." There is no difficulty getting visas "but you need an invitation from a business, local authority or ministry. I do not deal with ministries."

He has so far acted as go-between on two successful deals and is close to clinching two others, including the fertiliser bark. He is still having to supplement his income from journalism but thinks that the business will eventually prove profitable based on an average return of about 6 per cent of the total value of each deal.

Unused to a market economy, the Soviets have limited ability to bargain in a capitalist way. "Price fixing has been done for so long by centralised bodies. Living in a system of shortages of every single thing they tend to think that if they have got something somebody *must want to* buy it. You have to explain that in a system of surplus everything is wanted *providing the price is lower* or the quality better than elsewhere."

He is surprised that British companies have shown little interest in harnessing Soviet brain power through their research institutes. One potential trading area is conversion of Soviet products designed originally for military or space applications. Another is the supply of Soviet raw materials, from mink oil to aluminium. The Soviet Union is also critically short of advanced machinery. A visit to the Black Sea port of Nikolayev revealed that the town has $40m to invest in foreign goods.

Costello says he is too small to get involved in barter arrangements. "But what I am concentrating on with some of the Soviet companies is trying to create for them a hard currency fund from what they sell and then using that to buy machinery, so you have not a barter but a quick sequence of deals."

He has done no advertising, depending solely on word of mouth. The business is still precarious and he says that to run it properly would require an office in London and a secretary, with cash backing of up to £200,000. He is looking at ways of raising that but a recent decision by Tate & Lyle not to invest in the Newham Chamber of Commerce venture underlines the worries of big business about trade with the Soviet Union.

Costello still finds it difficult to accept that unemployment is a basic fact of life within capitalism. But the man who dropped out of Manchester University's medical school harboured capitalist thoughts long before he left the Communist Party. "I often thought it would have been nice to be a doctor in a country practice in the Lake District driving around in a white Jaguar."

MINDING YOUR OWN BUSINESS/COMPUTING

A helping hand with life's big decisions

Sue Fox meets a teacher turned counsellor

LAST YEAR, maths teacher Bernard Canetti gave up his job at an independent sixth form college in north London, borrowed £5,000 from his family and started the Educational Conselling Centre, working from home.

"Between the ages of 14 and 18, students make crucial decisions about their future, which often have consequences affecting the whole of their working life," Canetti points out. "Choices about A level options, what to do if things go wrong, degree courses and careers."

In his first year, Canetti saw 65 clients. He is confident that the figure could double by the end of this academic year. Most of his clients come through the local grapevine – "when I see somebody from one class or particular school it usually brings in several other enquiries," – siblings and a mailing list. "Newspaper advertising wasn't successful as people contacted me assuming I was a free government advice service."

Canetti believes that choices are much more complicated because of changes in GCSEs, National Curriculum, AS levels and the funding and structure of higher education.

"It can be extremely distressing for students and parents,and there is a need for someone outside the family to provide proper guidance. Many schools simply don't have the resources or time to look at the needs of individual students."

Most clients come to Canetti in crisis – wrong A level choices, failed exams, no place on a university or polytechnic course. "I would much prefer to see students earlier on rather than having to patch up mistakes."

Canetti, 35, enjoys teaching. "But if I'd followed what my father wanted me to do, I would be working in Manchester, in the family textile business or doing accountancy," he admits. "I was bright and my parents sent me to an expensive career guidance consultancy who suggested accountancy. If they'd actually taken the time to sit down and talk to me for a couple of hours, they would have realised that I was totally unsuited to business and accountancy."

After a year and a half at the London School of Economics, Canetti gave up and went to York where he studied mathematics. He then did a masters at Imperial College.

"I'm very wary of career analysts who use psychometric tests which register all kinds of things about ability but don't necessarily present a true picture. They are expensive – you take their advice or leave it. They assume no responsibility. I work within a much more personal, committed realtionship with a client."

Canetti invested in an IBM computer on which he has a data base including all university/polytechnic courses and names of admissions tutors. He spent £400 on his library, bought a photocopier, second telephone line and answering machine.

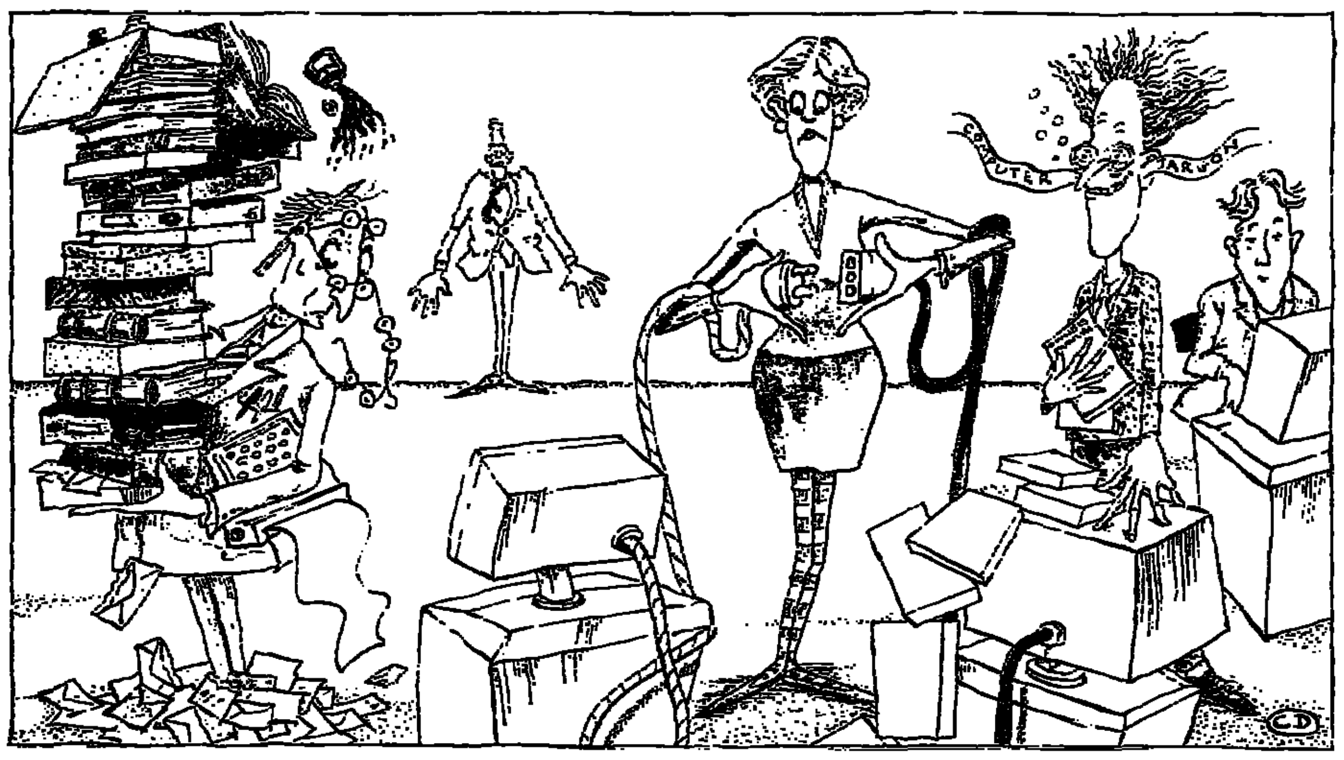
"Apart from that, my biggest expense – about £1,000 – was a brochure, which I typed myself using a desk-top publishing system. Postage added another £300." Canetti printed 3,000 brochures and initially, his mailing list came from the list of UCCA forms he had dealt with at the tutorial college. The list has now grown to approximately 350.

As Canetti had £1,000 in the bank and there were exactly eight weeks between leaving the college and setting up the Educational Counselling Centre, he qualified for an Enterprise Allowance. He charges £20 for a 45-minute session.

He welcomes parents but is often astonished at some attitudes and expectations. "If I see the danger signals, I've now perfected a manoeuvre which leaves parents reading information while I go into another room and deal with the client in private."

■ *Bernard Canetti, 224 Walm Lane, London NW2 3BF. 081-452-1633.*

Barbara Conway begins the first in a series on computers for the small business. Future reports will cover software and practical applications



Beginners start here

ONE of the earliest decisions which most small businesses have to face nowadays is: what to do about buying a computer. For those without any previous knowledge of computing the dilemma may create near panic, because resources of cash and time will already be fully stretched in setting up the business itself.

However, those who jog along with old-fashioned ledger books for their accounts and eschew the advantages of an automated mailing list can quickly put themselves at a disadvantage. At the start it may be possible for the founder of a small business to keep all the essential information in his or her head. But later the intelligent use of a computer to provide timely information about a business may tip the balance between bankruptcy or success.

This column, starting off on a fortnightly basis, is intended to demonstrate how the desktop micro can help, without dominating, businesses of all sizes. In future weeks we will be looking at how to get the best out of the standard business programs (software), such as word processors and accounts packages; how to get your computer to earn its keep in more enterprising fashion (financial planning, computer-aided design, graphic demonstrations etc); and how to beat techno-fear by pre-empting disasters such as loss of your vital computer records and by getting on elementary talking terms with your machine.

So how should the prospective small-business computer user cope when asked to consider the relative merits of workstations or micros, 8khz to 33khz processing speeds, basic XTs or super 486 machines, dot-matrix, bubble-jet or laser printers, and the need for full multi-tasking and/or hypermedia facilities? That back of an envelope can start to look an enticing alternative, especially when prices for these options range from under £1,000 to £4,000 or more.

However, if this techno-fear – and the barrier of jargon – can be overcome, a computer may help to transform the efficiency of even the smallest business.

The next column will be looking specifically at the types of machine available for those buying a first machine, and how they might fit in with a growing business. But first, here are some basic rules on joining the computer age:

What do you actually want to do?

Buying a Ferrari Testarossa and then just using it to pop down to the supermarket a couple of days a week may impress the neighbours but it makes little financial sense. The same applies to computers.

If you want to start off with basic letter-writing, book and record-keeping, do not let yourself get talked into a far more complex system on the grounds that you will grow into it. One of the benefits of computing today is that, if you take care over your initial choice, it can grow with you by accepting expansion – which can be anything from adding more memory to transforming it into a more powerful machine overall – as you become ready for it. For the same reason, don't delay a decision until the "latest model" is available. With computers a new model is ALWAYS just about to be released.

Beware false economy.

A quick dip into computer magazines will show you that mail-order companies can often offer fairly heavy discounts on popular micros. But these lower prices are often achieved by the lower overheads which can mean that support, including sorting out faults and maintenance, is often difficult to obtain.

A local store which can give you "hands on" demonstration of the machine plus back-up could save you both grief and money in the long run. As you become more familiar with the machine and understand the risks, you may be able to save money buying add-ons.

Do you need compatibility?

There is only one effective standard for desktop computers at present, and that is the one set by the giant IBM Corporation. The merit of using IBM machines, or any of the vast array of true IBM "clones", is that it opens up an almost limitless choice of software and, because the machines are so widespread, means that if you need to provide information to another business, from your accountant to a customer, you can do it easily by computer disk.

IBM is unusual in the computer world in that software which would run on even its earliest PCs, from the start of the 1980s, will still run on the newest models (although it may well look very primitive). If you want compatibility, make sure that you are getting it in full. Clones which are only MS-DOS (the most common IBM operating system) compatible may not fit the bill. There are more than enough true compatibles to give a fair choice.

You may, however, not be in such dire need of the IBM standard and, if so, there are at least two other ranges of micro worth considering for the fact that they are competitively priced, have access to a wide software base and can be easy to use even for beginners.

The ranges are the Commodore Amiga, which can also be transformed into an IBM clone via a special add-on, and the new range of Macintosh computers from Apple. The Apple Mac has always been regarded as extraordinarily user-friendly but, until the new releases last month, it suffered from the fact that few first-time users could afford one. Now both Macs and business-class Amigas are within the IBM-clone price range.

Don't be blinded by science.

Even at the lower end of the market, a worthwhile, expandable system with monitor and a decent printer will leave little change out of £2,000. That is a significant investment for any small business and, like all investments, you need to understand just what you are getting. Computer retailing is a competitive business and if one retailer cannot be bothered to explain the options in plain language, find one who can.

There is no more shame in admitting that you know nothing about co-processor boards in buying a computer than in being unable to decipher the wiring schematics of a new car. What you need to know in either case is the equivalent of where to put the petrol, oil and water, how to run it under normal circumstances and perhaps a few extra basics like how to change a tyre. And, if the machine breaks down, how to summon fast and effective help.

Take equal care with the software.

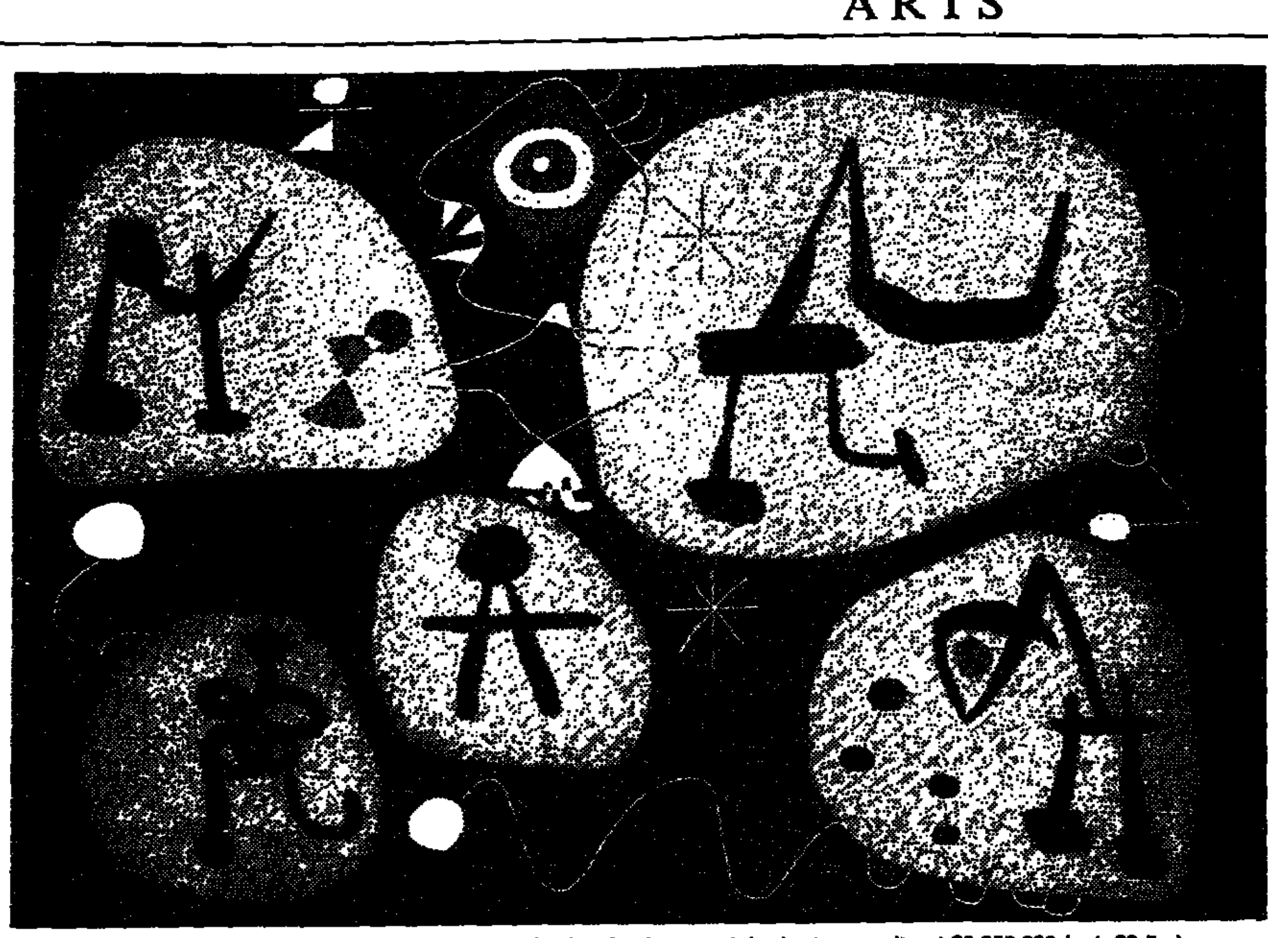
The hardware, the computer, is the first step but without the right software it is a waste of all the trouble you put into choosing it. As we will be describing in the next column, micros are now often "bundled" with enough software to get you going as far as basic business needs are concerned.

The arguments for different grades of software are virtually identical to those involved in choosing a computer, and the price ranges between, say, a basic word-processor which can handle letters, short reports, memos and spelling checks and a full bells-and-whistles package with thesaurus, grammar-checker, indexing facilities and full page layout can be between £30 and £500.

If you need the more fully-featured variety, check on upgrading policy. With many such packages, the software company will regularly update the program – perhaps to add new features and make it run faster - and offer existing registered users the new package for a relatively nominal fee. That is one reason why it is ALWAYS worth returning the registration card included with such software.

These are basic ground rules to cut back on techno-fear and related problems (including high blood pressure!) when a new micro refuses to perform as expected. Installing a new micro system is, undeniably, a fairly time-consuming and potentially anxious experience. But getting the right package and then discovering that the computer is actually doing what it is told, and saving you time and money in the process, should make the initial effort more than worthwhile.

ARTS



Miró's 'Femmes entendant de la musique'. Christie's New York: one of the better results at $3,850,000 (est. $3-5m)

Saleroom

Prices hammered down

*This was 'make or break' week, says **Antony Thorncroft***

THERE COULD hardly be a better time to buy art. That was the inescapable conclusion from a dip into Sotheby's auction of British pictures on Wednesday. Some impressive works were coming under the hammer and Sotheby's had persuaded vendors to reduce their reserves in recognition of the facts that dealers were sitting on stacks of unsold paintings and were more likely to be sellers rather than buyers; and that private collectors were rarely feeling in an expansive mood.

Over a third of the lots failed to find a new home and many more were going for under, or just within, their estimates. Sporting pictures and portraits were particularly out of favour, but even a group of picturesque English views went cheaply. At last the museums could afford to buy, and the Victoria Art Gallery in Bath was able to pick up a portrait by Jervas of William Pulteney, Earl of Bath, for £17,600, under its low estimate, and Chiswick House will find room for a view of itself in 1741, the joint work of Hogarth and George Lambert, thanks to the generosity of English Heritage, the National Heritage Fund and the National Art-Collections Fund, which collectively coughed up £220,000, also below the published estimate.

By accepting the inevitable and persuading sellers to take lower than the advertised estimates Sotheby's was able to make the sale look quite respectable, totalling £12.2m, with just over 8 per cent unsold. This was especially true of the star lot, Constable's "The Lock", his most important work likely to come on to the market (the National Gallery has a view of Salisbury Cathedral on permanent loan) which sold to Baron Thyssen for £10.78m, which, taking the hammer price as its true value, was also beneath its low estimate of £10m.

This was the make or break week for the auction houses with major auctions in New York, London, Geneva, Hong Kong and Amsterdam. The results suggest they will survive, but that turnovers and profits will be down this season. Most of the attention was in New York where Sotheby's and Christie's were holding the important Impressionist and Modern picture sales which in a few days usually contribute around 15 per cent of their annual turnover and even more of their profits.

The depth of the recession which has hit the art market is beautifully illustrated in the turnover from Sotheby's three days of selling Impressionist and Modern art. They brought in $165.6m (£84.4m); in the same period in 1989, at the peak of the boom, the sales totalled $342m (£216.6m). Christie's suffered a similar, but less pronounced, downturn: it had been very selective in the works it had accepted for sale and if it had managed to dispose of its star lot, a Van Gogh flower painting estimated at up to $16m, would have contemplated a successful week.

The problem with a recession, and its loss of confidence, is that sellers decide not to risk exposing their art on an uncertain market and those who are forced to sell, mainly executors, are persuaded by the auction houses to accept lower prices, often much below the estimates quoted in the catalogues.

On average prices in this crucial sector are back to the level of the summer of 1988. There are variations between artists. A Cézanne landscape sold at Sotheby's this week for just over $7m, roughly the same price a similar work fetched in the spring of 1988; Renoir seemed to be back to the price range of the spring of 1989, while a Monet waterlilies went for $9.46m, slightly above the price paid for a similar painting in May this year. The Japanese remained keen buyers of the decorative Impressionists and the Europeans, who had avoided the Henry Ford II sale at Sotheby's with its rather boring pictures, were back to bid heavily for works by challenging 20th century artists like Miró and Léger. American buying was almost insignificant.

In most cases both Sotheby's and Christie's had persuaded vendors to lower their reserves. For example, a pretty Renoir portrait of his nephew with a nurse, which carried the cachet of belonging to Greta Garbo, sold at Sotheby's for $5.7m, including the 10 per cent buyer's premium. The catalogue had estimated it at $7m.-$9m. At Christie's main sale, a languid Picasso portrait of his new mistress Marie-Therese resting in front of a mirror, 1932, sold for $5.5m, which looks cheap when set against the catalogue estimate of $7m.-$10m.

By talking down the expectations of sellers Sotheby's and Christie's managed to bluff their way through the auctions and to keep the unsold percentages, by value, down to reasonable proportions. Christie's even achieved a record for a drawing – the $8.36m paid for a vibrant Van Gogh sketch of a garden.

The main excitement of the week was Sotheby's coming badly unstuck with its guarantee on the Henry Ford II pictures. To ward off the challenge from Christie's it gave the executors to the estate around $60m for the pictures. To spice up the sale, Renoir's "La tasse de chocolate" was thrown in by the family and it sold well, at just over $18m to Japan. But the guaranteed pictures brought in only $30m, leaving Sotheby's with a dozen unwanted pictures. Its shares were temporarily suspended. It later issued a statement suggesting that it anticipated a loss of $5m on the deal. But the head of its Impressionist and Modern department, David Nash, has great faith in the art and is confident that, over time, he can sell it at a profit.

The Ford guarantee might have proved a disaster but recent, much heftier, guarantees have produced good profits for Sotheby's (including its deal this week on the collection of the late Catherine Schlumberger Jones), and Christie's, which has always been split down the middle about the wisdom of staking such a risk, must be even more confused when its guarantee on paintings from the Yaseen Estate sold strongly this week and delivered a handsome profit.

The message of the week was that the art market is down but not out. The most expensive lot of the season so far, Constable's "The Lock", found a new home – to Sotheby's director Baron Thyssen – for £10.75m, below estimate but still a mighty sum. And on Wednesday in Geneva Sotheby's sold a diamond for a record £6.5m. It is too soon to write the epitaph on the great art market joy ride.

A misunderstood artist

***William Packer** in Glasgow reivews the work of James McNeil Whistler and others*

GLASGOW, European City of Culture, continues to offer the broad miscellany of exhibitions that has been its character throughout its year. Long may it go on, even without the spur of international position to keep up, for it is as well set up with public galleries as any city in the two kingdoms. These now show every sign of renewed liveliness, and around them the number of active private galleries continues to grow.

Last Tuesday I reviewed *The Age of Van Gogh*, now at the Burrell Collection (until February 10: sponsored by Whyte & Mackay), that sets Van Gogh in the context of the Dutch painting of his time. But such an exercise always carries broader implications, and in this case the extra-Parisian comparisons and contrasts are the ones to follow up. And it so happens that the Hunterian Gallery of Glasgow University holds, *en permanence*, the finest collection of the work of James McNeil Whistler this side of the Atlantic.

Whistler was Van Gogh's senior by some 20 years, and it might seem that the contrast between them, of temperament and practice, could hardly be greater – the aesthete butterfly with a sting in his tail on the one hand, on the other the desperate, driven proto-expressionist. And yet they coincide curiously on several levels. Both men were artists in exile: both studied and worked in Paris only to produce the substantial portion of their work elsewhere: both of them were acquainted with the artists of the great age of impressionism and were themselves party to its later development. And while Whistler's career was longer extended, and not attended quite by the frustration and tragedy that dogged Van Gogh's, he too was much misunderstood in his work, under-rated and ultimately disappointed. To go to the Hunterian and to see the great sequence of full-length female portraits of around 1890, is to be made to realise the same fundamental truth that we take from Van Gogh's contemporaries at the Burrell: that Whistler in his art was neither second-hand nor second-rate, least of all by virtue of choosing to work in London rather than in Paris.

Whistler was ever cosmopolitan and a great traveller, and the Hunterian's current special exhibition, consciously appropriate to the year, is of the etchings, lithographs, watercolours and pastel drawings that he made on his regular forays into Europe. It embraces his career from first to last, going back even to a juvenile sketch-book filled on a visit to St Petersburg in the mid 1840s, but beginning effectively with his early days in Paris in the late 1850s and closing with drawings of Corsica of 1901. And in between come the great sets of images of Paris, Venice and Amsterdam, and of companions and models of the moment, all characterised by the unique Whistlerian touch, an unmistakeable combination of extreme acuity of observation, exquisite delicacy of execution, and judicious effect. They are very beautiful indeed.

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The Glasgow branch of the Fine Art Society, which dealt with Whistler in his lifetime, is currently showing the recent productions of the Edinburgh Tapestry Company (134 Blythswood Street G2: until November 27). Set up in 1912 by the 4th Marquess of Bute to satisfy his own decorative needs, the Company has long distinguished itself by its active collaboration with distinguished artists, that have included such as Paolozzi and Noland, Sutherland and Motherwell, Nevelson and Piper.

This latest group is exclusively Scottish, with Bellany and Blackadder, Philipson and Houston, Littlejohn and Wiszniewski. The creative challenge lies in remaining faithful both to the artist's original design and to the medium of tapestry, for while the image may be transcribed accurately enough, physical material and surface are so different that great technical liberties must be taken. The results are in no sense mere reproductions but altogether distinct. In their ingenuity and sympathy of effect, they are quite remarkable.

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The excellent Compass Gallery has a two-man show of Jankel Adler and Josef Herman (178 West Regent Street G2: until November 28) celebrating an association of two emigre Polish artists which flourished in Glasgow in the early years of the War. Herman happily is still alive but Adler, who had been associated with Grosz, Beckmann and Nolde, and like them denounced by the Nazis, died in 1949 aged 54. Active in British art through the 1940s, he has since been not so much forgotten as neglected. The current revival of interest in him is long overdue.

'Finette at her window'; etching, 1859, by Whistler

Records

Raiders of the pop past

THE STERILITY of the current music scene is strikingly revealed in the way artists and record companies raid the archives of past hits for product. This is no new phenomenon. The first British pop stars, the Cliff Richards and the Cilla Blacks, invariably hijacked American successes for their early material. The Beatles changed all that and for over two decades a song writing talent was the crucial factor in securing a recording contract.

Now, with disco and rap and hip hop and the dominance of technology, reducing pop music to an engineer's play thing, an intense yearning has developed for a decent melody, and even sensible lyrics: in other words, the urge to plunder the past, which is also quicker and cheaper than writing new songs, has become overwhelming. Two recent projects beautifully illustrate the gains and the pitfalls from such an approach.

Red Hot and Blue is a benefit for AIDS. Twenty major artists, all with a reputation for style, were asked by Chrysalis Records to re-work a Cole Porter song of their choice. Style has changed a good deal since the days when Porter, the epitome of gay chic, swanned from penthouse party to ocean yacht, throwing off the odd standard with his martini. He would have choked over his olive at some of the excesses committed on his cultured classics.

The enterprise gets off to a stuttering start with Neneh Cherry rail-roading "I've got you under my skin", not perhaps the most tactful choice for an AIDS benefit. She reckons she can change the lyrics with impunity, and sacrifice the melody for yet another tedious rap rant. Its a horrible rape of a romantic ballad.

But romance comes badly out of this project. Only K.D. Lang, singing "So in Love" straight, produces a tingle. The best moments are the fun ones, bringing some modern cool to the more turgid of Porter's compositions. Deborah Harry and Iggy Pop sound as if they are having a grand time on "Well, did you evah!" and the Thompson Twins make "Who wants to be a millionaire?" seem like an invitation to the dentist.

Also worthy additions to the sprawling corpus of pop are a version of "Begin the Beguine" by Salif Keita, which makes a phoney song sound ethnic; the Neville Brothers beautifully evocative "In the still of the night"; and Lisa Stansfield rescuing the over-looked Porter lament of the futility of wealth without love, "Down in the depths".

In most cases Porter's restrained style is knocked for six by the endemic drum machine: an Old Master has been made to look foolish by today's bright young things. Fine Young Cannibals take all the poignancy from "Love for sale"; Aztec Camera sends "Do I love you?" gently to sleep; and U2 fail to find the yearning in "Night and Day". Perhaps the interpretations need the videos produced alongside them to make their full impact, but sadly few will recognise the genius of Porter form this mish mash.

A much more successful enterprise is *Rubáiyát*, a celebration by Elektra Records of its fortieth anniversary. What better way to party than by asking some of its current artists to cover a song from the eclectic Elektra archive? Where *Red Hot and Blue* suffered from the familiarity and icon status of the Porter repertoire many of the songs revitalised here have been gathering dust in the forgotten corners of the mind.

When was the last time you hummed "Tokoloshe Man", included on a John Kongos album of 1972. Here, in the hands of Happy Mondays, it becomes an instant contemporary favourite, as fresh as a timeshare salesman. Equally sparky is the Sugarcubes version of "Motorcycle Mama", released by Sailcat in 1972. Warren Zevon, one of the most under rated of artists, is shown to good advantage with The Black Velvet Band's low down version of his "Werewolves of London" and Tracy Chapman manages to bring some excitement into that sleep inducing perennial "House of the Rising Sun", first released on Elektra in 1957.

A lively imagination has been to work on this project and encouraged artists to stretch their talents. Linda Ronstadt, no stranger to producing cover versions, is allowed an unaccompanied tilt at the traditional English folk song "The Blacksmith" (first recorded in 1965 by Kathy and Carol – who they?) and for once she manages to sound like a woman with feelings. Anita Baker does Carly Simon a favour with her revival of "You belong to me" and Carly's own "You're so vain" gains tremendously from the modern treatment by Faster Pussycat.

With contributions from 10,000 Maniacs, The Cure, Billy Bragg, Pixies, Gipsy Kings (transforming "Hotel California" into Hotel Costa Blanca), and loads more, this is a celebration which should bring a new audience to old folkies like Tom Paxtion; old R & B boys, like the Butterfield Blues Band; and old softies, like Bread. Here is the present revitalising the past with respect, rather than going for a quick commercial rip off.

Antony Thorncroft

The Shock of the Old

SO TITLED, the programme about to tour the Arts Council's "Contemporary Music Network" is by Music Projects/London, who played it on Thursday in the Queen Elizabeth Hall. Four good solo singers are involved too, and a three-woman chorus. The idea is to represent the impact of old – especially, Mediaeval – music upon recent composers.

To that end, they begin with an early but splendid Bach cantata, "Christ lag in Todesbanden", which is in a virtually archaic refrain-form. Then comes old Stravinsky's Cantata on Old English Texts – also in refrain-form, and exploiting modal harmony to boot; next a solo motet, minimalist-mediaeval, by Arvo Pärt, and finally Alexander Goehr's music-theatre piece *Sonata about Jerusalem*. The latter fits into the plan only abstractly, by virtue of its refrain-form, for nothing else about it echoes anything historically remote – but it also supplies the only solid muscle in the concert.

That might seem to imply a libel upon Bach's cantata (Stravinsky's is *deliberately* light, reedy and detached), but the performance here is not a muscular one. Given with minimum forces – a handful of strings, small organ, the four soloists doubling as chorus – it carries no Lutheran fervour; it sounds intricate and delicate, attractively sung, particularly by the tenor Andrew Murgatroyd. The excellent Sarah Leonard joins him for the Stravinsky, coolly and stylishly rendered. The counter-tenor Christopher Robson is exquisitely poised in Pärt's small, rapt motet, with only violin and viola as support.

Presumably some kind of staging for Goehr's toughly original piece (from 1974) was considered but judged unfeasible. A pity: for Bernas shapes the music with such confidence as not only to engage the ear, but to induce regret for the missing visual component that it obviously predicates. As the bass narrator, Nigel Leeson-Williams is assured and effective – and by then it is a relief to have piano, percussion and brass added to the ensemble.

For the programme as a whole, nevertheless, the South Bank hall was a bit cavernous and dampening; it should make a much brighter impression in the smaller venues.

David Murray

Radio

Legends and heresies

IT WOULD be a pity if the first of the seven parts of *Arthur – the King* (Radio 4, Sundays) did not encourage listeners who know only Malory or Tennyson to hear the rest. Derived from various sources, this spreadeagled account of Arthur's birth and succession, his acquisition of swords from stone and lake, his match with Guenever *(sic)*, fits ill into 45 minutes, but the others seem to me better. I am not sure if Graeme Fife's script is in prose or verse; the dramatic idiom and the shortage of definite articles suggests verse. Steven Faux's music is decent film-score, rich and effective.

Paul Scofield, a masterful Merlin, is currently out of favour while Arthur (Keith Baxter) presides over a Round Table Epiphany service, in Latin. (Merlin speaks Latin, too.) It is he who tells about Uther Pendragon's cheating conquest of Igraine, Arthur's mother, and later, Arthur's similar espousal of Guenever. The two swords are briefly dealt with, and the account of how Arthur's son Modred survived when all the other boys born on May Day died in a shipwreck. Time flicks to and fro as needed under John Powell's imaginative direction.

Different legends fill Seamus Heaney's *Sweeney Astray*, one of the most exhilarating programmes I have heard for years, beautiful, moving and funny (Radio 3, Sunday). They tell how King Sweeney, cursed by the priests, first for disrespect to a psalter, then for stabbing a priest in battle, goes out of his mind and flies about Ireland in the guise of a bird. Between his adventures we hear his marvellous songs, spoken by Stephen Rea, as Heaney himself recounts the tales. Eoin O'Callaghan directed.

You must know these legends better than I to follow Tom MacIntyre's *Rise Up, Lovely Sweeney* (Radio 3, Tuesday), under the same director. Here are the identical stories in flat modern language; but the many short episodes tell too little about who it is involved with Sweeney, what about, and where. I recalled the hag and the madman and the song about the trees (less poetic than Heaney's) but they offered no excitement, no beauty, no fun. It was a shame not to get more from the cast of Irish stars, with Tom Hickey as Sweeney.

Radio 4's new Thursday-night serial, Nigel Baldwin's *Burnt*, has Dennis Waterman as loutish hero Milkie, involved unexpectedly in the stormy side of Welsh politics. He sounds nostalgic for those television parts we all watched. I may know more about the plot next week, I know very little yet.

Radio 3's jazz coverage grows as time goes by. On Friday we had an hour-long feature on Miles Davis, and starting next week, there will be eight half-hour programmes of his music. Friday's documentary, presented by Ian Carr, was less for lovers of his playing (count me out) than people interested in how he got on with his musicians, several of whom we hear. The British bass-player Dave Holland was surprised to find that there was next to no rehearsal. Another British player, guitarist John McLaughlin, described the instructions to the rhythm section – "I want it to go *bom!, pah!, bom-te-pah!*", with no indication of tempo. You may hear next week how it went

Rabbi Dr Jonathan Sacks has chosen Faith as the theme for his Reith Lectures. In our materialistic age, religious belief is not high up the charts, yet our ecology, as Rabbi Sacks points out, is full of hints of religious origins; we take them for granted but not for examples. Dr Sacks's commentary, equally valid for all faiths, may set us alongside the epileptic boy's father in St. Mark, who pleaded, "Help thou mine unbelief."

Yet I must conclude with a heresy: I cannot believe that Arthur Ransome's books mean much to modern youngsters. Radio 5 is giving *Swallows and Amazons*, a story about the spoilt children of a well-heeled family, all keen on sailing boats. The kids in the Chelsea youth club where I used to help wouldn't have given them a moment. It's ably played; it might do for Jennings, but never for William, and William is still the child of our day.

B.A. Young

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ARTS

Major surgery on 'The Ring'

***Andrew Clements** emerges impressed with Birmingham's truncated 'Saga'*

CITY OF Birmingham Touring Opera carved out its niche with productions of *Falstaff* and *The Magic Flute* that combined portable stagings with expertly cut-down orchestrations, in which not an ounce of the flavour and texture of the originals appeared to be wasted. Now, both of those serious achievements seem to have been only a preparation for CBTO's latest project – *nothing less than a travelling Ring*, presented in two evening-long parts, "Alberich's Curse" and "Brynhilde's Awakening", with an orchestra of just 18 players.

It is a bold, some would say foolhardy, undertaking; but the success of the first cycle at the Stockland Green Leisure Centre in Birmingham this week amply justified the ambition. In condensing some 14 hours of the original scores into just over nine (which still makes for two evenings of uncompromising Wagnerian proportions), the producer Graham Vick and orchestrator Jonathan Dove have performed major surgery on all four music dramas: the severity of the cutting increases as the cycle develops, as reflection and recapitulation are necessarily sacrificed to narrative action. So *Das Rheingold*, which makes up the first act of "Alberich's Curse", is relatively unscathed, losing only some 40 minutes' music and the characters of Mime and Frohe, while *Siegfried* (the first act of "Brynhilde's Awakening") is roughly halved in length. *Götterdämmerung* discards its Prologue and the Norns all together, as well as the Rhine Journey and all but a fragment of the Funeral March.

The process works most easily in the more episodic earlier writing; the scars are more obvious as the action becomes much more continuous. In the same way Dove's consistently inventive, thoroughly musical scoring – for just six strings, single woodwind, two horn, trumpet, trombone, tuba, harp, percussion and an electronic organ deftly used to fill in inner parts – is at most convincing *in the first part of the cycle*; in the third act of *Siegfried* and in *Götterdämmerung*, composed after Wagner had written *Tristan* and immeasurably extended his harmonic language and his interpenetration of voices and instruments, the problems of reduction are much more acute. Solo string lines can hardly carry the same expressive forces as the originals; the interweaving of motives into a luminous texture cannot be achieved on such meagre rations.

Yet extraordinarily so much *is* preserved, and the sense of the drama so carefully focussed in Vick's production, that the sound only seems intermittently anorexic. One may come to earth with a jolt at those points, but one emerges from *The Ring Saga* with new insights into the whole massive conception of *The Ring*; if nothing else, it brings a deeper comprehension of how the original structure needs to work and why for musical, emotional and narrative reasons Wagner planned on the scale that he did. Certainly it is hard to imagine that in any conventional staging so many of the words of Andrew Porter's English translation can ever have been so ringingly clear; with such a scaled-down sound to surmount, the singers could devote much more attention to words and their meaning. The audience hung on every syllable.

Peter Sidhom, Brian Bannatyne-Scott and Paul Wilson in CBTO's travelling 'Ring'

In every dramatic sense it is a staging of careful detail. Chris Dyer's functional, grey mausoleum-like set brings the action into close focus; watching singers in a Wagner opera when they can react to each other's words without the worry of telegraphing their reactions to the farthest points of an opera house is a revelation in itself, and this cast had been chosen, one suspects, as much for its ability to act convincingly as for its vocal quality and powers of endurance. In two evenings in which all but the Wotan of Patrick Wheatley and manic eye-rolling Alberich of Keith Latham doubled and often trebled their roles, the concentration was unfaltering. How, for instance, Yvonne Howard could make Fricka's confrontation with Wotan so rivetting in the second act of "Alberich's Curse" and then in the second part bring a greater intensity to Waltraute's narration than I've encountered was quite remarkable, yet Paul Harrhy brought off a similar feat with his superb chain-smoking Loge and cringing Mime, and Helen Walker with her pliant, hunted Sieglinde and vulnerable Gutrune.

In the two acts allotted to Götterdämmerung the tension was spellbinding; Brian Bannatyne-Scott's Hagen, Peter Sidhom's ringingly clear Gunther, Linda Macleod's Brynhilde – a little Girl-Guidish in Walküre but *gaining all the time in confidence*, clarity and vehemence – and Paul Wilson's deeply ingenuous, unflagging Siegfried constructed a web of relationships and internal tensions that normally has to be taken as read in a standard *Ring* production.

That was the reward for sacrificing something of the musical flow, and rather more of the soundworld. *It* was urgently propelled by Simon Halsey, and the odd tired lapse apart, committedly played. There will be opportunity for further reflection when the production visits the Elizabeth Hall in January as part of its wide-ranging British tour. It is no substitute for the real thing, but nevertheless *The Ring Saga* is a serious undertaking that has been executed in a way that dramatically and vocally exceeds the most optimistic expectations.

The high kicks are over

***Alastair Macaulay** wonders whether Dance Umbrella has lost its way*

WHEN YOU have spent several nights a week with the Dance Umbrella at various venues – Riverside Studios, The Place, Queen Elizabeth Hall, Sadler's Wells, you start to blame it for everything – the cold, the rain, the tax bill. You don't thank it for good things like Laurie Booth or Yolande Snaith, because they are on the scene anyway and you can can see them at other times of the year. But, if you do not thank the Umbrella for the good local dance artists, what is left?

Well, the French are still with us. *Fewer than last year*, but no better. In fact, much worse. The members of the Groupe Emile Dubois, a troupe I had hitherto missed, do nothing well – they also speak, sing, play percussion and change costumes – but I was not prepared for just how feeble their dancing was. They have not only all been taught how to fake double pirouettes, they look confused by having to do single ones. When jumping, none of them can hold a shape in the air. They have to flick through the apex of *grands battements* (high kicks). When they do cabaret-type dancing to rock-ish music, they are coarse.

Everything looked amateurish, and was meant to. The show was a series of fantasies. The greying middle-aged dancer had a dream scene in a G-string in which his paunchy wigglings turned on four youngish women. The most personable male dancer entered in toe shoes and did bad, dull adagio on point with the support of an unenthusiastic female. Incident followed incident in chaotic flow, and a sizeable audience admired it, presumably because everything – especially the film-type score – kept announcing "This isn't serious, folks." Not counting ballets and operas I already knew, there are less than a dozen performances – of dance, music and theatre – that I have walked out of in my life. After 70 minutes the Groupe Emile Dubois was one of them.

The Umbrella, now in its twelfth year, is a festival of some international repute. More than that, it has been the prime agent in educating many of us in new dance forms and in introducing us to leading post-modern dance-makers. To the Umbrella I myself, for example, owe my first sightings of Trisha Brown, David Gordon, Karole Armitage, Mark Morris and many others. Shouldn't it be above the rubbishly meanderings, however popular, of the Groupe Emile Dubois?

In twelve years, the Dance Umbrella has changed the London dance world profoundly. Its influence can be felt in our ballet companies' repertories. Without it, there would surely not be the other seasons of new dance that now occur through the year – Spring Loaded, April in Paris, The Turning World, New Moves, and others. It is they, however, not the Umbrella, who have recently introduced us to the most important new choreographers from abroad – such as Wim Vanderkeybus and Joachim Schlömer. Has the Umbrella lost its place in the vanguard of the new? On recent seasons' evidence, yes.

Not that the Umbrella has not hunted around for foreign and local talent. Clement Crisp and I have already reviewed several British participants – Laurie Booth, Yolande Snaith, Extemporary Dance, the Cholmondeleys and Siobhan Davies. I also saw *Correspondences*, in which the dancer-choreographer Shobana Jeyasingh and composer Kevin Volans attempted to weld her Indian dance to his Western string quartet. The idea was so much more serious than most efforts to adapt Indian dance to the West that I wanted to greet it – and yet the sound and dynamics of stringed instruments and of barefoot Indian dance are so different that the piece was doomed from its conception. And although *Correspondences* told of the differences between India and Cambridge in the story of the mathematician Srinivasa Ramanujan, it never made the difference between its dance and music interesting.

This year's Americans – though all had shown work before here – were Stephen Petronio, Susan Marshall and Margaret Jenkins. Perhaps if I had been able to see what Petronio and Jenkins showed this year, I would be writing differently. (And perhaps not.) I should also mention a British-American production conceived and directed by Jonathan Stone (of Ralf Ralf). This was the slow-moving but tightly-made and witty mime comedy *Dinner*, in which six people meet and confer in arcane gestures and wordless noises. It felt like some absurdly real UN congregation – a 1990 sequel to Ralf Ralf's brilliant SALT-talks epic duet of 1988.

The American choreographer Susan Marshall, who isn't without talent, keeps digging away to forge some human poetry or drama out of basic non-dance movement. But she made the mistake of showing two little short pieces, *Family Quartet & Duet* and *Kiss* before her big new world première, *Contenders*. Less was more, and more less. Nothing, however, about her choreography was as memorable as the "Meet the Choreographer" session after the performance I attended. These sessions are usually the occasion for the most befuddled dance students in the audience to ask the choreographer why his or her choreography was so, um, strange. They asked Marshall why *Contenders* was, well, ambiguous. A piece about sport *and* sex? They found it, well, confusing. Yes, Marshall said, she could understand that that might be a problem for them.

But she too had a question. *Contenders*, she reminded them, was all ensemble or duet. Was that, she asked, too unrelieved? Should she maybe include some solos? Several depressed-looking A-level candidates perked up. Ooh, yes, they said, rath*er*. (By another choreographer? With guest dancers?) Don't just meet the choreographer, help her.

Macbeth with music

***Malcolm Rutherford** on a cinematic production at the Riverside*

MACBETH WITH music might claim to be the London theatrical theme of the week. A Chinese – or Taiwan opera – version of the Macbeth legend is visiting the National's Lyttelton Theatre and was reviewed by Alastair Macaulay in yesterday's paper. At the Riverside Studios in Hammersmith there is a more or less straight production of the Shakespeare play, except that there is background music to accompany it.

Such is the power of the Macbeth story that you could probably do almost anything to it without ruining it completely, and the desire to set it to music has distinguished origins. The Hammersmith production by the newly formed Red and Gold Theatre Company does not aspire to opera and uses music as if this were a screen rather a stage version of the play. The music is composed by Brian May, whose reputation lies in rock but who has clearly had a classical education. It is particularly effective in highlighting relatively brief, but crucial incidents like the escape of Fleance while the the three murderers are concentrating on bumping off Banquo. In the final battles of the play the music becomes more frenzied, but again it would be hard to argue that it is an unwelcome intrusion. It heightens the drama.

There are other devices that remind us of the cinema: changing photographic images on the backdrop throughout, for example. The use of lighting is impressive: the candles on the table at the famous banquet scene seem to emit light beyond their capacity and throw it at exactly the right place at the right time. Rarely can the blood on Banquo's forehead have been so singularly picked out, or the gore on Macbeth's hands after the killing of Duncan. The lighting designer is David Hersey, who has illuminated musicals from *Evita* to *Miss Saigon*.

None of that brilliance would be enough, however, without some acting. This is variable, but tends to improve as it goes on. Polly Hemingway as Lady Macbeth is much better in the sleepwalking scene than when she is first urging her husband to screw up his courage. Roy Marsden's Macbeth looks mildly promising from the beginning; in the end he exceeds expectations. He speaks the "tomorrow and tomorrow and tomorrow" speech as well as I have ever heard. MacDuff is a pretty awful part: Mac Andrews pulls it off largely by looking facially different from everybody else.

There are some reservations. It is an affectation to dress everyone in black military uniforms, including the murderers. the background to the play is of feudal warlords, not fascism. Equally affected is the use of pistols as weapons. They make some wonderfully dramatic bangs, notably when Macbeth fires at Banquo's ghost, but in the final contests the participants have to resort to heavy swords. The last battle, incidentally, takes place in Macbeth's study, not in the woods.

Perhaps those are minor points: every *Macbeth* must be different. There are plans to take this production to Tokyo where it may be filmed. Meanwhile what we have here is the play of the movie, which is worth seeing in its own right. It is directed by Malcolm Ranson and runs to December 15. One of the Red and Gold Company's next projects is *Peter Pan*. It may be less in black and white.

Alastair Muir

Scene from Red and Gold's 'Macbeth': Brian May's music heightens the drama

Man with the guitar on fire

HE WAS the wild man of Rock – a tall, skinny figure in velvet bell-bottoms, trailing silk scarves and lucky charms, pounding out the loudest hits ever heard. "Hey Joe", "Purple Haze" and the rest were accompanied by violent masturbatory gestures, the guitar on fire.

The image was, of course, artfully constructed by his managers. Hendrix was a quiet, easy going man who lived and slept guitar. After serving in the 101st Parachutes, he worked the American shiny-suit circuit as a side man until he was discovered in Greenwich Village and brought to London. There he was taken up by trendsetters like Eric Clapton, Pete Townshend, Paul McCartney, Mick Jagger, then triumphantly re-exported to the US as a superstar.

His career was impeded by bad management and by his own good nature, which left him at the mercy of groupies and hangers-on. He was not, by 1960s standards, a heavy drug abuser, and was never, in spite of rumours, a heroin addict. His death following an accidental overdose of barbiturates could have been avoided with prompter medical attention.

Nowadays he has two audiences – nostalgia freaks who are getting on, and young Acid House fans who know no better. Hendrix videos and CDs may be big business, but neither the Hendrix Estate, bass guitarist Noel Redding nor drummer Mitch Mitchell have profited much.

Noel Redding's own story, *Are You Experienced?*, a confused account of the convoluted and fruitless legal battles which followed his brief moment of glory, makes painful reading. He has plenty of good advice for aspiring musicians and is very sharp on *the 1960s drug scene*, the touring treadmill of uppers, downers, creepers, psychedelics, smoking stuff and booze. He retired to west Cork in 1972 where he has lived quietly ever since with his girl friend, the co-author, Carol Appleby. Carol was killed in a road accident last June, days after finishing the book.

Mitch Mitchell's more conventionally ghost-written memoir is spiked with putdowns of Redding as a musical lightweight and a mildly paranoid personality. Redding in turn accuses Mitchell of being insufferably conceited. Life on the road with these two cannot have been much fun for Hendrix. Mitchell's is a picture book aimed at the juvenile market, so there is very little about drugs and only coy references to the group's legendary lubricity.

For that sort of thing one must turn to Shapiro and Glebbeek's monumental tome, which includes 214 pages of notes, appendices and index. It is strictly for those fans idolatrous enough to believe that Hendrix's lyrics have serious literary merit ("'scuse me while I kiss the sky"), and that his compositions bear comparison with Stockhausen. Enough!

Such exploitation is as unfair in its way as the mismanagement of his business affairs was during his life. Hendrix was a man who knew his limitations; he was a competent Rock musician, a good show man; his music was loud and gimmicky but his guitar playing was not earth-shattering. Watch a video if you disagree. He was only just getting started when he died. He was planning to take a year off and study musical theory and notation so that he could get hold of the elusive sounds in his head. He hated having to play the same old hits night after night, but in the end it is for the hits that he will be remembered.

He died 20 years ago, aged 27.

Alannah Hopkin

ARE YOU EXPERIENCED?
by Noel Redding and Carol Appleby
Fourth Estate £14.99, 256 pages

THE HENDRIX EXPERIENCE
by Mitch Mitchell and John Platt
Pyramid £14.95, 176 pages

JIMMY HENDRIX ELECTRIC GIPSY
by Henry Shapiro and Caesar Glebbeek
Heinemann £14.99, 723 pages

Chess No. 847:
1 Kd8. Only a waiting move will suffice, and any other try allows Black to pin: 1 Kd6? Ba3 or 1 Kc6 (7,8)? a3 or 1 Ke6 (7,8)? Re3.

هكذا من الاصل

The man behind Lolita

***Jackie Wullschlager** on the life of a great literary exile*

HE WAS Vladimir Nabokov on the dotted line. He was Vivian Darkbloom in pseudonymous anagram. He was Macnab as a student. He was Sirin to his Russian audience. But for English readers he was always the man who wrote *Lolita*.

What was the life behind the bestseller? A madly private writer, Nabokov was not keen for us to know. He distrusted "biografiitists" and seemed justified when his first one, Andrew Field, published a scurrilous gossip-mongering account in 1987. Now we have Brian Boyd's much weightier critical biography, scholarly, sympathetic, full of insight. My only problem with it is that where Field rustled up trouble, Boyd at times irons Nabokov out so smooth that he becomes almost flat.

It is not hard to see why

VLADIMIR NABOKOV: THE RUSSIAN YEARS
by Brian Boyd
Chatto & Windus £20, 607 pages

Boyd is cowed by the giant ego of his subject. Nabokov was arrogant, uncompromising, individualistic – passionate about democracy, he could never bring himself to vote – and unswervingly reliant on family rather than friends. If such qualities appeal, he emerges from these pages, as from his prose, a real charmer. If not, Boyd's account at least explains the background that changed the Russian exile into the wizard of American words.

He was born in 1899 into a wealthy, aristocratic and very close family. His father was a well-known liberal lawyer who in 1917 composed the Czar's act of abdication, and Nabokov grew up in a kind of Arcadian playground: winters in a sumptuous St Petersburg town house, summers at a country estate where he chased butterflies – a lifelong obsession – and girlfriends. His experience of innocent idyll blending into first romance is told in *Speak, Memory*, one of the most rapturous accounts of childhood ever written.

The Nabokovs fled revolutionary Russia, on a freighter loaded with rotting vegetables, in 1919. But like this century's other great literary exile, James Joyce, Nabokov's imaginative life was already fixed in the world of his childhood. Longing and not belonging, loss and nostalgia, keeping faith with the doomed "grassy wonderland" of his memory: this is what defines his novels. Boyd's concentration on this period is invaluable because only with the Russian story do the English masterpieces like *Pnin* and *Pale Fire* fall fully into place.

From Russia, Nabokov went to Cambridge, where his warmth and patrician confidence met with blank amazement on the "well-scrubbed English faces". How very un-English his letters home sound ("I am infinitely happy, and so agitated and sad today"), and how very un-Russian were the Cambridge porters, who Nabokov thought were playing a practical joke when they fined him for walking on the college lawn.

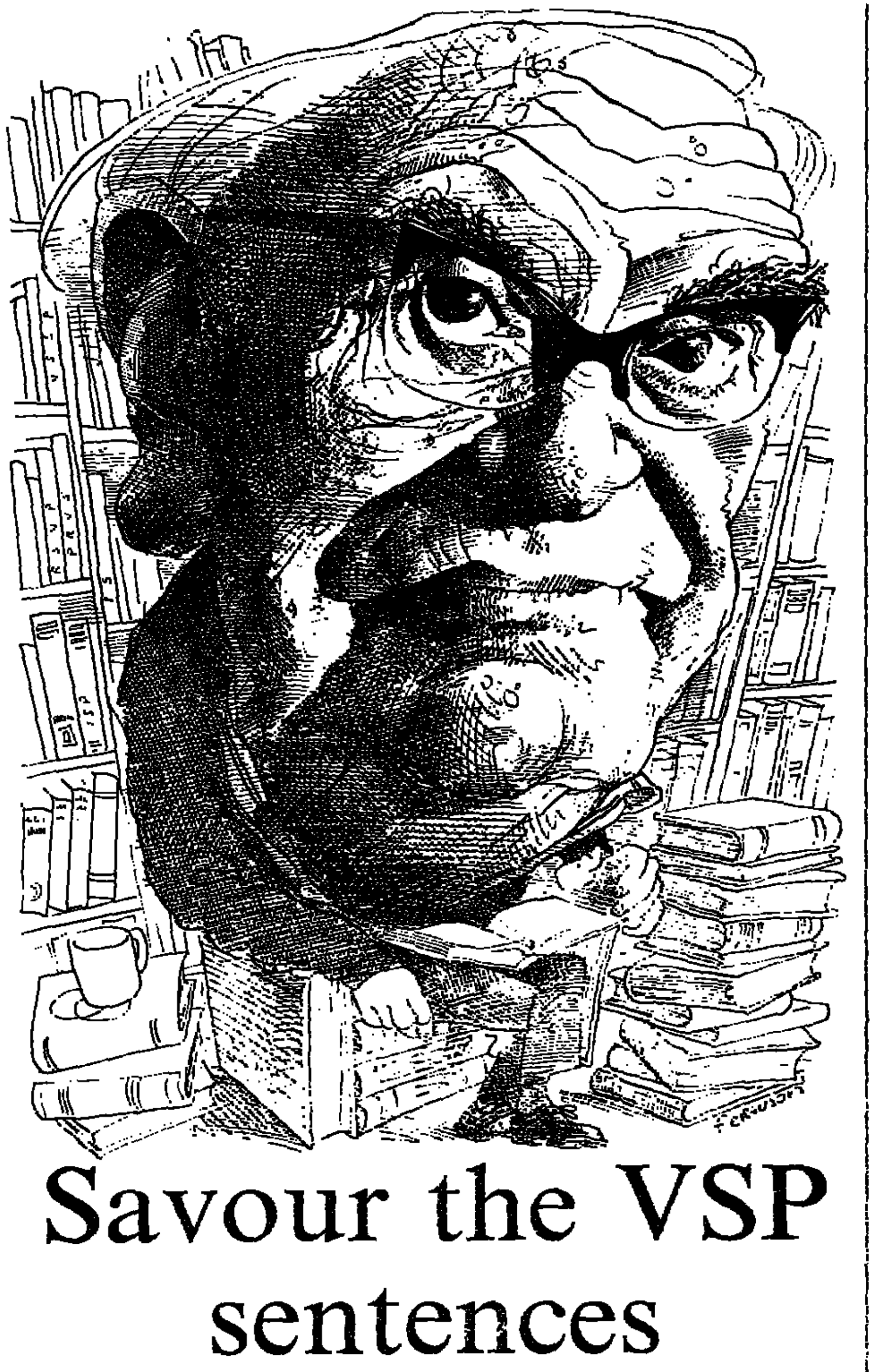
By contrast Berlin, Nabokov's next home in exile, had become a Mecca for Russian emigrés by the early 1920s. As Sirin, Nabokov published his Russian novels – *King, Queen, Knave*; *The Defense* – and married a Russian Jewish woman, Vera.

Boyd has a fine catalogue of Nabokov's amours but what is intriguing is Nabokov's emotional stability. No talk of nymphets here; instead Boyd suggests Nabokov extrapolated the bizarre from his own personality and gave it to characters like Humbert and Kinbote, allowing us to see out "normally" from within their strange minds.

Nabokov kept psychology wonderfully free of judgement, and he kept out of the political debate too. Among the least political of authors, his diary on the day Bolshevik troops stormed the Winter Palace records composing a poem while "a machine gun could be heard from the street" – a rival to Kafka's 1914 entry, "Germany declared war on Russia. Swimming lesson in the afternoon". And yet Nabokov's life was more personally bound up with political events than most: his beloved father was shot dead by right-wing extremists, he had to leave first Russia and then Hitler's Europe.

Nabokov's own progress from the aristocratic peak of the old world to a penniless writer in the new finds literary expression in his snobby half-enchantment with America in *Lolita*. Boyd's account of *The Russian Years* leaves him boarding a boat to cross the Atlantic in 1940, still to learn the language in which he was to achieve literary fame. Part two comes next year; a welcome proposition but one cannot help thinking that with some rigorous selection from the massive amount of detail here, the entire life might have fitted into 600 pages.


Vladimir Nabokov



Savour the VSP sentences

***Anthony Curtis** appreciates an outstanding critic and creative artist*

THE INITIALS VSP might seem to suggest a particularly fine, well-matured brandy; or alternatively some transposed abbreviation of the admonition RSVP. In the literary world they refer in fact to Sir Victor Pritchett, who celebrates his 90th birthday on December 16. *Vivat!* Long may he live and continue to write.

However, on reflection the convivial associations prompted by his initials are not all that wide of the mark. The late André Simon explained: "V.V.S.O.P - Very, very special old pale brandy, up to 40 years old, which is as old as any brandy need be and older than it is in the ordinary course of commerce".

That is a good working-description of Pritchett whether in the short story or the critical essay. His impeccable prose has graced the public prints in Britain and America not just for 40 but more like 50 years. His by-line invariably signals a rare treat for readers accustomed to the crude *vin ordinaire* dispensed by the average book-reviewer. After the sip of the first VSP sentence, the prose trickles slowly along its leisurely course while the mind is filled with that warm, intoxicating glow of well-being that Pritchett's writing induces in us.

And RSVP – that is exactly what Pritchett does. He responds. No-one now writing regularly about books and writers has a wider area of response than Pritchett. His range is well-nigh universal in the 19th and 20th centuries, if we make the large exception of poetry about which he rarely writes. His latest collection, *Lasting Impressions*, which reprints 27 review-essays from the late 1970s and 1980s, contains only two articles on major poets, Browning and Lorca, both seen from a largely biographical viewpoint. The rest cover novelists (Walker Percy, Molly Keane, Forrest Reid, Salman Rushdie, P G Wodehouse,) playwrights (Osborne, Bernard Shaw), essayists and historians (de Beauvoir, Orwell, Rebecca West, Le Roy Ladurie), explorers and men of action (Humboldt, Chatwin, Malraux, Saint-Exupéry). The pieces are arranged in alphabetical order of the authors appraised and run from Sholom Aleichem, whose tragi-comic tales Pritchett lauds, to Mary Wollstonecraft, whose complex character, and whose part in the development of feminism, he analyses.

The articles were all commissioned as reviews of books by journals like *The New York* – and *London – Review of Books*; the extended space which these papers are able to offer their contributors enables Pritchett to develop his argument well beyond the book in question. Some of these books appeared an awful long time ago, but the high quality of the reviews justifies the decision to re-print.

Pritchett is unusual, for a critic who is also himself a writer of fiction, in the degree to which he manages to eliminate himself from his response to the work he is considering. Before he writes a word, he saturates his mind completely in the book to be reviewed. We all try to do that of course, but Pritchett is able to do it with such consummate ease and to go much further, immersing himself wholly in the work and career of the author before him. Fifty years of practice at the job have given him great reserves of reading, but it is interesting to see how well Pritchett knows the work of writers of a much younger generation than his own – like, say, Updike, Osborne, Naipaul, whom he explicates in the same telling detail that he applies to Flaubert or Turgenev.

On rare occasions the VSP mask of impersonal explication is dropped and we have a glimpse of the man who went from school as an apprentice to the leather business, and then into journalism, where he rose to be the literary doyen of the *New Statesman* books pages before and during the war. The young Victor Pritchett whom we came to know intimately in his books of memoirs, *A Cab at the Door* and *Midnight Oil*, surfaces here in a recollection of Forrest Reid, the Belfast novelist "... shyly drawing intricate patterns with a poker in the soot on the back of the fireplace. I had never met a book-reviewer before, had not read any of his novels, and though by this time [1923] I had heard talk of mysticism, the supernatural, visions, and of reality dissolving into dreams, these subjects were above my head and beyond my inclination".

LASTING IMPRESSIONS
by V S Pritchett
Chatto & Windus £15.95, 171 pages

THE COMPLETE SHORT STORIES
by V S Pritchett
Chatto & Windus £25, 1220 pages

Those patterns made in the soot might have come straight out of one of Pritchett's short stories, which have been appearing regularly since the 1930s and which it is useful to have collected together now in one huge volume, *The Complete Short Stories*. His technique, the revelation of character by an accumulation of innumerable visual touches, has remained remarkably consistent. If short story writers may be divided into disciples of Maupassant, where plot is primary, to disciples of Chekhov, where plot is secondary beside character and mood, Pritchett is clearly a Chekhovian.

Like Chekhov, Pritchett is adept at setting up the group-portrait, at discriminating within the crowded canvas. A group of people are drinking in a pub when a vagrant enters and starts to do conjuring tricks; a group of diners are eating in a tavern in Madrid when a row breaks out; an unhappily married middle-aged English couple are staying in a seaside pension in Northern France and have to explain to the other guests how the proprietor was almost drowned; four cyclists stop at a country inn for a pint of beer but it turns out not to be an inn and they can only have tea. From such small beginnings Pritchett probes to the depths of fear and despair or the heights of elation and rapture.

His career began when the short story was quite a profitable form for a writer to practice. It continued through the war when the short story boomed in the pages of the literary magazines that flourished then, and it shows no sign of abating even now when apart from *The New Yorker* there is hardly any market for it at all. Pritchett is a born story-writer but has also written half a dozen novels of which the best is *Mr Beluncle*. It will be for posterity to decide whether his contribution as a critic or a creative artist is the more important. Both are outstanding.

Epilogue to a presidency

***Stewart Fleming** is not bewitched by Ronald Reagan*

THE THEATRE darkens, the curtains part and the cameras begin to roll. Welcome to the autobiography of Ronald Reagan, *An American Life*, a re-run of the former US President's finest hours – at times it seems every single minute of them. There at centre stage is the handsome leader, now tenderly embracing his wife, now sharing the nation's tragedies and triumphs, now warning the American people of the demons which threaten them – communists abroad, Democrats at home. Finally, having for almost a decade sought peace not confrontation with the Soviet Union, Mr Reagan and his political philosophy emerge victorious.

His book is testimony to his conviction that events are shaped by leaders, not the rhythms of history. The reader familiar with the Reagan presidency will have to pore patiently over this volume of familiar anecdotes and convictions to find new insights into the life and times of the author. As this affable and approachable man says of himself, as a child "I was a little introverted and probably a little slow in making really close friends", adding "I think this reluctance to get close to people never left me... I've been inclined to hold back a little of myself reserving it for myself."

Sadly the next seven hundred pages are more than ample testimony to this reserve. He even resists the very human temptation to respond in kind to those whose "kiss and tell" memoirs have already shone an unflattering light on his presidency. Those readers with a penchant for mulling over the psychology of the writer will no doubt see in the portrayal of his wife Nancy the soul-mate without whom, he says, his life would have been barren. They will wonder what went through the eleven-year-old Reagan's mind when, one winter's night, he came on his alcoholic father collapsed in the snow outside his home. "For a moment or two," he says, "I looked down at him and thought about continuing into the house and going to bed as if he weren't there. But I could not do it." And they will not be surprised that the solitary youngster from a poor family in small town America lost himself in books and fantasy. "I fell in love with the movies. I could not count the hours I spent in the darkness of our moviehouse (in Dixon, Illinois) with William S Hart and Tom Mix galloping over the prairie, or having my eyes turned misty by the cinematic perils that befell Mary Pickford and Pearl White."

As the book progresses, however, the shutters close down on the deeper feelings and judgements of the man this lonely child became. His ten-year marriage to Jane Wyman, the actress who was the mother of two of his children (Maureen and Michael) before their divorce in 1948, merits only a single sentence. Much of what follows is a not particularly illuminating recapitulation of his years in the White House between 1981 and 1989, aimed primarily at promoting his political philosophy and defending himself against his critics.

Thus, on the arms-for-hostages transactions with Iran and the siphoning-off of surplus funds from the transactions through arms dealers to help the US-backed Contra guerillas in Nicaragua, Mr Reagan blithely denies that these disclosures left his Administration dead in the water in 1987 and 1988 and pleads ignorance of the criminal activities which US courts have passed judgement on.

But it is when Mr Reagan tries to re-write the history of US-Soviet relations during his presidency by recasting himself as the peacemaker who pursued a negotiated detente with Moscow almost from the

AN AMERICAN LIFE
by Ronald Reagan
Hutchinson £19.99, 734 pages

day he entered the White House that the reader begins to bridle. Could Mr Reagan really have been as aware as he claims to be that the Soviet economy was "a basket case". If this were true and if he wanted detente, why did he spend two trillion dollars on a defence build-up which not only was not necessary but which strained the fibres of the US economy and contributed to a chronic budget deficit which is bedevilling his successor. And how was it that American negotiators were so flummoxed by the negotiating tactics of the Soviet side at the hastily convened summit in Reykjavik in 1986?

On the contrary, if Washington were so well aware of the troubles of the Soviet economy in 1981 then the President's efforts to limit Western financial credits to the Soviet Union in his first years in office look more like the actions of a belligerent seeking to squeeze until the pips squeaked, something his more truculent advisers in the Pentagon favoured.

Mr Reagan's efforts to rewrite history are too transparent to convince any but his most ardent supporters. His critics will continue to see him as a man who may have helped to raise the spirits of his countrymen but who did so at the cost of encouraging their isolationist instincts, another legacy which his successor is having to wrestle with as he confronts the latest Middle East crisis. Perhaps the biggest service Mr Reagan has done himself in this volume is to preserve the mystery surrounding his character and the extraordinary way in which he so bewitched the American people. As Professor Garry Wills wrote in an acclaimed biography, "He is just as simple and mysterious as our collective dreams and memories".

In praise of 'The Big Fellow'

*This book puts over the Irish point of view, says **Melanie McDonagh***

IT IS disconcerting when your fixed and invariable notions of good and bad are turned upside down. Reading this biography of Michael Collins might be unsettling for an English reader. All the bogeymen have just the same names as they do now and the motions that the characters go through are all too familiar. There is the IRA and Sinn Fein, there are hunger strikers, shootings to kill and Cabinet ministers who refuse to have any dealings with terrorists.

But our reactions to the players are entirely different. The IRA are not gangsters but freedom fighters, the Cabinet ministers are blockheads or Machiavels, the security forces are often brutal and Michael Collins, the hero of the story, is an effective, unscrupulous and sympathetic terrorist.

Collins, whose most memorable exploits involved having British informers shot in their beds, was, at the age of 29, the formidable adversary at the conference table of Lloyd George, Winston Churchill and F E Smith, and to this day a requiem mass is said for him in that hotbed of Republicanism, Brompton Oratory. So much for our knee-jerk reactions.

Certainly, there is nothing unique about the British Government refusing to have any truck with terrorists and then executing a graceful about-turn to enable ministers to negotiate with the very men they have denounced as murderers. The significance of Michael Collins is that the events in which he took part, notably the treaty negotiations which opened the way for partition, have lasting consequences which we are still trying to grapple with.

One of the questions Tim Pat Coogan raises is why Collins ended up as the head of the IRA and not as a prosperous businessman in a United Ireland. It is in microcosm the larger question: why could the Irish issue not have been peacefully resolved? The answer, he argues, lay in the way the Irish parliamentary party was thwarted before the First World War by an unholy alliance between the Tory party and the Ulster Unionists. The British Government, in yielding to that alliance, made rebellion and violent confrontation the only way forward in pursuit of Irish self-determination.

Noble and futile rebellions were nothing new in Irish history. What made Collins unique was his decision that romantic failure was not enough and that the British would have to be beaten at their own game with unromantic thoroughness and un-Irish calculation. He succeeded in undermining the network of informers which had enabled Dublin Castle to thwart every previous rebellion and he did so with the weapons of ambush, assassination and superior intelligence. The government was outraged, but it worked.

It was not Collins the tactician who captured the imagination of the people and gave him the nickname of The Big Fellow. It was the braggadocio and daring of the young man who ate his Christmas dinner at the Gresham Hotel under the noses of the British Army and who turned up at a reception for visiting Americans in full dress uniform when the streets were swarming with detectives. His guiding precept was that of G K Chesterton in *The Man who was Thursday*: "If you don't seem to be hiding, nobody hunts you out."

MICHAEL COLLINS
by Tim Pat Coogan
Hutchinson £18.99, 468 pages

Tim Pat Coogan does full justice to Collins's legendary exploits in this authoritative biography, but he looks beyond them to the man who was also an innovative economist, an indefatigable scholar, a benefactor of his opponents: in short, an altogether greater man than those Irishmen who brought him down and succeeded him, notably the Machiavellian De Valera. His death during the Civil War was a grave loss for the state he helped to found. So far as the relations between Ireland and Britain are concerned, the present mimics the past in many ways and the events described in this book can usefully be learned from by those who govern Ireland now.

Precursor of the bodice-ripper

JOHNSON thought him a "blockhead". Richardson said he lacked "knowledge of the human heart". If the claim to have founded the English Novel was ever seriously contested between Richardson and Fielding, then Richardson's study of the inner life, subsequently championed by Henry James and Virginia Woolf, has long since seen off the challenger.

Romp and rumbustiousness are the qualities associated most commonly with Fielding's novels (helped by the film of *Tom Jones*, which made him a precursor of the bodice-ripper), with their sprawling, lusty action, their generalised character types, and enough Latin tags and 'sh-t's and 'a--e's to suggest an equal interest in the scholarly and the bestial.

Most earlier biographers have been happy to deal in type, moving from the "good-natured libertine" to the even-handed justicer and magistrate, finally to the moulding Olympian looking down benignly on earthly follies and vices. All this changed with Martin and Ruth Battestin's 700-page *Henry Fielding*, published last year, and the result of 20 years research by two scholars who have dominated the post-war Fielding industry, a book which was hailed as a masterpiece of detective work.

Born in 1707 at Sharpham Park near Glastonbury, at 12 Fielding was caught up in a dispute between his father, recently remarried to a Catholic, and his staunchly Protestant grandmother, during which a nursery maid alleged that the boy Henry was not only in the habit of spitting in the servants' faces but "was guilty of committing some indecent actions with his sister, Beatrice". Six years later he was bound over by the magistrates of Lyme following a street brawl which resulted from his attempt to abduct a 15-year-old heiress. Debt actions dogged him for the rest of his life.

The precise cause of Fielding's improvidence has always eluded his biographers. In this new study Donald Thomas attributes it to a large-spirited ambition to live in the style of his ancestors (he was descended from the Earls of Denbigh). It fits with his general view of Fielding as a patrician moralist, enemy alike of bourgeois piety and aristocratic corruption, whose drinking companions, philosophically at least, were Cicero and Seneca, Horace and Claudian. As an idea it works well. It certainly gets the spirit of Fielding's baiting of Walpole when his plays dominated the London stage. To describe it as "a schoolboy ragging his master" conveys the sense of an almost donnish innocence which is lacking in the Battestins' picture of a committed but ultimately compromised political activist whom Walpole bribed and then silenced with the Licensing Act.

HENRY FIELDING
by Donald Thomas
Weidenfeld & Nicolson £25, 436 pages

Thomas is also excellent at suggesting how Fielding's interest in Fortune and Providence in the novels, and his broader feeling for virtue's relation to the passions, stems from a Classical-Christian philosophical perspective which was bound to seem to be unintelligible to a strict moralist such as Richardson.

Unlike the Battestins, who simply say how funny Fielding was, Thomas makes his humour an integral part of his moral idealism. He matches this romantic notion of his subject with a poetic prose which is often moving and only occasionally purplish. The danger with creating such a poetic figure is that it becomes its own type. The turning point of the biography is as dramatic as that which separates the genial Falstaff of *Henry IV Part One* from the world-weary figure of *Part Two*. Before Fielding the magistrate came "a procession of the sad, the unwashed and the hopeless, passing through an evil smelling court room... The appointment gave Fielding a chance of power to alter English society. It took from him the last gleam of comic optimism. In that sense, the man who wrote *Tom Jones* was already dead".

Fielding's experiences at Bow Street, and his final journey to Lisbon where he died aged 47 to be buried in the Protestant cemetery in a soon to be forgotten grave, comprise the book's extended elegy. But it is just in these final pages that one needs a blast from the Battestins. Whereas Thomas stresses Fielding's discomfort and vulnerability the Battestins continue to stress his powers of mind, his appetite for observation as well as, typically, for food, and above all, his enduring humour. The Battestins have none of Thomas's sense of intellectual discovery, which makes his the better intellectual biography, but they have an unswerving appreciation of Fielding the man, "the source of infinite entertainment to his Friends, whatever was the conversation, whether grave or gay" as his friend James Harris remembered him. Thomas talks about Atropos cutting the thin-spun thread of Fielding's life, but the Battestins notice in the Spring of 1988 that an anonymous visitor has placed 47 roses on Fielding's grave.

That two such magnificent and equally well-researched biographies should appear (apparently) so independently leaves the Fielding enthusiast as well as the newcomer happily spoiled for choice.

Mark Archer

FOOD & WINE

Lure of northern red Rhônes

***Edmund Penning-Rowsell** on an area of south east France that is gaining in popularity*

AS IN Burgundy, the 1990 vintage further south on the Rhône was very good. Louis Jaboulet, president of the well-known Tain l'Hermitage firm of Paul Jaboulet Aîné, told me that for the first time in his life there had been three excellent vintages in a row – '88,'89 and now '90.

Moreover, partly because of the ever-increasing prices of the Côte d'Or wines, more and more consumers have been turning to a region which has improved quality and production substantially to meet world-wide demand. *Appellation Contrôlée* Côtes du Rhône and the Villages wines in the second half of the Seventies averaged under 1.54m hectolitres but last year produced nearly 2.4m. Châteauneuf-du-Pape also increased production substantially.

In the north where, Châteauneuf apart, the most distinguished wines are made, the biggest district of Crozes-Hermitage more than doubled its production in the same period. Even the tightly restricted appellations of Hermitage and Côte Rôtie increased their authorised output.

While prices of these two wines have risen in recent years for some excellent vintages, they compare favourably with these for single-vineyard Côte d'Ors; and the lower appellations are very good value.

The reason why the Côte Rôtie, the most northerly and for some the most distinguished of the Rhône reds, has increased its output is that some 20 years ago the controlled appellation was extended to the plateau above steep hills that form the real Côte Rôtie, divided between the Côte Brune and the Côte Blonde. The delimited area, that only covered 60 ha 20-30 years ago, is now 150 ha, of which less than half is on the hillsides, on narrow, very hard-to-work terraces. The plateau has a lighter soil and less intense sun-exposure, and the wines are best bought from the traditional growers on the slopes.

The black grape employed is the Syrah, formerly almost entirely confined to the northern Rhône, but now spread further south and to the New World, where in Australia it is called Shiraz. But, in the same way as Chianti was softened by blending with white Trebbiano, so the powerful Syrah is blended with up to 20 per cent of Viognier, the uncommon grape of adjoining Condrieu: and poured into the same fermenting vat as the Syrah, but only for Côte Blonde.

As in Burgundy, the trade is very much divided between the merchants who buy grapes and make a blended wine, and the growers who make and market their own wine. Of the former the best known is Jaboulet's Les Jumelles, but respectable wines are also made by Chapoutier and Delas of Tain.

The latter group is dominated by Marcel Guigal of Ampuis, who also owns the neighbouring firm of Vidal-Fleury. The demand for his wine and information – and he has other wines to sell, including Hermitage, Côtes du Rhône and Gigondas – is high. He has 12 ha on the Côte but has plans for a further 3 ha, which would cost Ffr2m (£272,000) per ha to clear and plant.

Permission from Brussels to plant vineyards is difficult to obtain. Guigal sells his Côte Rôtie either as a blend of the two Côtes or as Le Mouline Côte Blonde or Landonne Côte Brune. These are very hard to find in the UK, and expensive (Adnams of Southwold has the '84 La Landonne at £35.65 a bottle), but only 8,000 bottles are made of this, and 5,000 of the La Mouline.

He has brought into production a site left unplanted since 1930, the Clos Turque, and I tasted the recently-released first vintage of '86. It has huge colour and is powerful and rich – as was the '88, still in cask, and very concentrated. Only 4,500 bottles of the '86 were produced, and if it is to be found here the price is unlikely to be much under £30.

There are a number of other distinguished Côte Rôtie producers, including Jasmin, whose huge-coloured, very fruity '88 I tasted in his Ampuis cellars. Other good names, whose wines will be on the lists of leading merchants in the UK, include Dervieux, Rostaing, Barge and Jamet.

Just south of the Côte Rôtie, and also on the right bank of the river, lie the slightly less steep vineyard slopes of Condrieu, where one of the world's rarest white wines is made from the Viognier – 13,000 cases in the unusually large '89 vintage, but normally averaging no more than 9,000 from 20 ha in production. It is what the French call a "jealous" grape, unreliable, small in output and liable to quick over-ripening.

It has a very special bouquet – apricots and pears are recalled – distinctly dry in flavour, but elegant and full-bodied too. It is normally regarded as a wine to drink young, but Georges Vernay, the biggest producer, says it can last 10 years. He told me that the UK was his biggest export market, but it is not on any list to hand. Adnams of Southwold list Guigal's '87 at £19.20, but Perret's '88 at £13.60. Although with its own appellation, Ch. Grillett is made from the Condrieu.

The centre of the norther Rhône vineyards is Tain l'Hermitage, dominated on the left bank by the Hermitage Hill, closely planted with the Syrah black grape and the Roussanne and Marsanne for the small percentage of white Hermitage: a total of 125 ha which, in total, produce about 63,000 cases.

I count Jaboulet's '61 Hermitage La Chapelle as one of the finest red wines that I have ever drunk. These superior northern Rhônes may lack the velvety quality of the finer Côte d'Or reds and the finesse of many classed-growth clarets, but they have, when mature, a mouth-filling fruitiness and rich concentration on nose and palate that cannot be matched elsewhere.

This includes the better Crozes Hermitage, St Joseph and Cornas. But seldom do they receive their due measure of time to ripen. The initial power of Hermitage may be softened by 20 per cent of Viognier, but in fact this is used sparingly if at all.

The four leading Tain houses are Chapoutier, Delas, Jaboulet and the Cooperative; and all but the last trade in the southern Rhône also. Chapoutier is the largest owner on the Hermitage hill and his white Chante Alouette is probably the best-known white Hermitage, though Jaboulet would doubtless put in a claim for their Chevalier de Stérimberg.

These are good but not great whites, and those brought up on white burgundy, expensive though most now is, are unlikely to be completedly satisfied with not inexpensive, somewhat weighty, white Hermitage. Of the reds Jaboulet's La Chapelle, of which only about 8,500 cases are made, is the most celebrated. However, Delas and the Tain co-op have greatly been improving the quality of their Hermitage and other local reds, and are less expensive.

Crozes Hermitage can vary from the dull and uninspired to the fruity, full-bodied and distinctive. The best is almost certainly Jaboulet's Thalabert, reasonably priced, listed in the UK by many firms including Justerini & Brooks, SW1, Lay & Wheeler of Colchester and The Wine Society of Stevenage.

Some of the best value in northern red Rhônes lies in the thin strip of vineyards that runs from just south of Condrieu, past 23 wine-producing villages until it reaches Cornas opposite Valence. The appellation bears the "made-up" label of St Joseph, for there is no place of that name, only a hill. As elsewhere in these parts, its has greatly expanded from a production of 5,000 hl a year in 1970 to 22,000 hl today. The best part lies around Tournon, opposite Tain. A Syrah wine, it starts off extremely deep in colour and strongly tannic. The bouquet is often reminiscent of blackberries. Regrettably this powerful wine is usually drunk too young, for it needs a good five years and may be better at ten. Most traditional merchants list it at around £7 to £8 for *négociants'* wines and between £8 and £10 for growers'.

Cornas, the most southern of the northern reds, also suffers from precocious consumption. Even deeper and blacker, in colour than St Joseph this powerful yet distinctive Syrah wine scarcely existed 30 years ago, but thanks to leading grower, Auguste Clape, it has a delimited AC area of 150 ha though only 70 are planted, and 20 growers sell under their own label. Output last year was 3,100 hl.

Cornas needs even more time than St Joseph and, in Clape's cellars, I tasted his '80, which had a lovely aromatic nose, and a long, full, but very well balanced flavour.

The leading importers are Yapp Brothers, of Mere, Wiltshire, who discovered him for our market. Cornas is not a low-priced wine and Yapp lists the '87 at £11.75, while Adnams has the '86 at £16.25. Other leading growers are Robert Michel (Lay & Wheeler 1985 – £13.35) and Guy de Barjac (Adnams 1986 – £10.80).

The best recent vintage for the northern Rhônes are '82,'83,'85,'88 and '89. The 1984 was better in the north than the south. All wines from this area need early decanting: a minimum of two hours for Hermitage, and perhaps a further one for St Joseph and Cornas.

APPETISERS

Bubbling up

CHAMPAGNE prices are set to rise, substantially. Champagne benefits from a few extra months in bottle so now is the time to buy as much as you can afford in advance of your needs.

The Hungerford Wine Company (Tel: 0488-683238) has just announced a special offer of the champagnes that came out best from their recent blind comparison of nearly 200 different bottlings currently available on the UK market. The palates and teeth that suffered belong to Hungerford's Nick Davies and author of the most detailed book on the drink *Champagne*, (Sotheby's) by Tom Stevenson. Hungerford claims its prices cannot be bettered by the larger chains and, overall, the little-known house of Ruinart, controlled by Moët & Chandon, triumphed.

■ The exciting but rare German red, August Kesseler's Spätburgunder, described on these pages on October 20, has been located in this country, on the list of south west Scottish wine merchant Gelston Castle Fine Wines, Castle Douglas (0556-3012). Gelston Castle has both the 1987 and 1988 in stock; the 1988 is the vintage to head for.

■ Earlier this year Richard's of Soho, one of central London's very few fishmongers, closed its doors. Despite Westminster Council's measures for a cleaner Soho the premises became "Foxy Lady", a peep-show and a bar. Fortunately for lovers of good fresh fish Richard's has been able to find new premises from this week at 21, Brewer Street, W1, tel 071-437-1358.

■ Three hundred and six half-dozen bottle cases of 1987 Opus One – the joint Napa Valley venture of the late Baron Philippe de Rothschild and Robert Mondavi – have arrived in the UK from California: the total UK allocation from an output of 10,000 cases, 75 per cent of which are sold in the US.

The '87 California Cabernet vintage was exceptionally good, and this bids fair to be Opus One's best since first produced in 1979. Made from 97 per cent Cabernet-Sauvignon, 3 per cent Cabernet-Franc and 1 per cent Merlot, it has been matured for 18 months in new French oak. The colour is huge, near-black, the bouquet is very rich, oaky and concentrated, and the flavour has an almost port-like intensity, and more than a suggestion of blackberries and black cherries. Although tannic and destined for a long life, it is remarkably smooth.

Outlets and price have yet to be decided, but it will be available initially from Amis du Vin, 19 Charlotte St, W1 (071-636-4020) at £240 delivered for cases of six bottles and £90 for cases of two. No doubt it will also be obtainable from other leading merchants.

■ Colchester wine merchants Lay & Wheeler have just wheedled a limited shipment of dazzling wines from the new regime at Château Margaux straight from the first growth's own recently restored cellars. This means wines back to the still backward 1978 Château Margaux at about £100 a bottle. On the strength of a tasting and dinner organised this week, for the first 210 customers who bid for £65 tickets, the best buys are the 1980 Château Margaux at £39 a bottle and the 1979 Pavillon Rouge du Château Margaux, the also-ran to Margaux's excellent 1979 "grand vin", at £19.50 a bottle. Enquiries to Lay & Wheeler on 0206-764446.

Season of pips and mellow fruitfulness

***Philippa Davenport** picks some late autumn fruit favourites - but is particularly partial to the seed-ridden pomegranate*

THERE is a rich splendour about late autumn fruits – translucent grapes, golden pears, melons of all sorts, down-coated quinces, dusky figs and ruby red pomegranates.

No wonder so many artists have painted them, my favourite among them that exquisite miniaturist, Giovanna Garzoni. But no matter how well a painting may reflect the textures, colours and shapes of fruits, it cannot capture, of course, the scents or the tastes.

Pomegranates never cease to delight me. At first glance they seem unexceptional, thick skinned orbs flushed with pink and capped with crown-like calyxes, but cut one in half and you discover the 1,001 seeds that lie within, each held in its own glassy pink or ruby red juice capsule embedded in a creamy web of pith, as magnificent as a rose window.

The capsules explode when you crush or bite into them releasing copious quantities of juice. Sometimes it is bland, almost sweet, but at best it is refreshingly sharp. I enjoy the tart juice served on crushed ice as a non-alcoholic stand-in for campari. I like too to use pomegranates in sweet and savoury dishes. A simple but spectacular dessert consists of sliced mango scattered with pomegranate seed sacs and moistened with pomegranate juice. As a variation I use thin crescent moon slices of melon instead of mango and add to the pomegranate seed capsules a scattering of end-of-season fraises du bois from the garden.

For maximum effect, this sort of combination should be served on a flat dish of silver, glass or blue porcelain. I had always imagined pomegranates to be a rare and courtly fruit, enjoyed until recently by only a privileged few in this country, but a 70-year-old woman in our village has shattered this illusion. She tells me that when she was a girl people ate pomegranates when they went to the cinema, and the boys spat the seeds at the girls "but only at the girls they liked."

Unlike pomegranates, quinces grow readily in Britain. Paradoxically, they are much harder to find in the shops. Whereas pomegranates are remarkably juicy, quinces tend to be as hard as wood, often needing a karate chop to cut them open.

The magic of quince lies in its heady and haunting scent. Like the muscatel fragrance of elderflower or a distillation of orange blossom water, just a little can transform a dish from commonplace to special. Think of our own orchard fruit puddings and preserves, of the meat and fruit tagines of Morocco, and of the sweetmeats of the Iberian peninsula.

If your greengrocer does not stock pomegranates or quinces, he should be able to order them for you from the wholesale market through a company such as T J Poupart, which specialises in exotic and unusual fruits. It will probably be necessary to order a case so be prepared to split the purchase with friends and neighbours if other customers of the shop are not interested in buying some.

Fortunately, one virtue shared by both fruits is good keeping quality. (The skins of pomegranates may turn leathery but the seed capsules inside will stay juicily fresh for several weeks.) Pomegranates and quinces are fruits to enjoy twice over, as our forefathers did, first as a table centrepiece, then in the kitchen. For display, do not forget to cut open a pomegranate or two to show-off the jewel-like beauty of the interiors – and relish the fragrance of quince, more lovely than any potpourri.

FAISINJAN
(serves 4)

This is a Persian classic to celebrate the pomegranate and walnut season. I have made it using Barbary duck, which is considerably less fatty than the Lincolnshire sort, and with chicken, but wild duck, pheasant and guinea fowl are all suitable. If using walnut kernels bought in a packet, be sure they are not stale. Just one rancid nut will spoil the dish.

1 Barbary duck or chicken weighing 3-3½ lb; 2-4 pomegranates depending on size; 2 lemons; 6 oz shelled walnuts; 1 onion; 1 cinnamon stick; a little oil and sugar.

Process the nuts to a coarse powder. Cut the pomegranates open and release the juicy seed sacs from the bitter creamy-yellow pith. Reserve a generous quantity of the richest coloured seed sacs for garnish.

Tip the rest into a piece of butter muslin. Twist, wring and squeeze it to extract the juice: you will need 7½-10 fl oz. Mix the pomegranate juice with the juice of 1½ lemons and add water as necessary to make a generous ¾ pint in total.

Cut the bird into four joints and colour them in a smidgeon of hot oil in a sauté pan or a Le Creuset buffet casserole. Brown the neck and backbone trimmings as well. Remove the meats to a plate. If using duck, pour off most of the fat from the pan.

Chop the onion and soften it a little. Then reduce heat to very low, add the nuts and stir for a couple of minutes until they are well mixed with the onion and smelling deliciously nutty. Pour on the liquid and bring to simmering point, stirring.

Return the meats to the pan together with any juices that have collected on the plate. Add the cinnamon stick, and a seasoning of salt, pepper and sugar. Cover tightly and cook over a very gentle flame for about 1½ hours, turning the joints once, until very tender.

Discard the cinnamon stick, the bird's neck, backbone and any other trimmings used. Taste and correct seasoning with salt, pepper, sugar and lemon juice to give a balance of sweet and sour. Finally, give the dish a welcome splash of colour by garnishing it liberally with glassy crimson pomegranate seed capsules, and maybe some parsley.

APPLE, QUINCE & ALMOND PUDDING
(serves 6)

A good choice for Sunday lunch, this simple and delicious pudding needs no last minute attention from the cook, and it is equally good eaten warm or cold. The inclusion of quince gives it wonderful flavour and aroma but finely grated lemon zest can be used instead.

1½-2 lb crisp, juicy and not-too-sweet dessert apples; ½-1 small quince; 2 oz split almonds; 5 oz butter; 4 oz caster sugar; 2 oz each freshly ground almonds and breadcrumbs (preferably rye breadcrumbs); 3 large eggs.

Peel, core, and cut the apples into fairly thin crescent moon slices. Peel, core and grate the quince. Butter a shallow ovenproof dish about 10 in in diameter. Put the apples into it, scattering the quince, split almonds and 1 oz flaked butter between layers. Cover with foil and put the dish into the oven at 350°F-375°F (180°C-190°C) gas mark 4-5 while you prepare the topping.

Barely melt the remaining 4 oz butter in a small pan. Away from the heat, beat in the sugar, ground almonds, breadcrumbs, and the yolks of the eggs, in that order.

Whisk the egg whites and fold them in. Pour the topping evenly over the apples and return the dish to the oven for 50 minutes until slightly puffed up and set. Switch off the oven and leave the pudding to rest in the residue heat for at least 20 minutes before serving.

PROPERTY

Putting a high price on fame

How do you sell a house with a notable owner? Very discreetly, says ***John Brennan***

HOME OWNERS with a public life are faced with a dilemma when they want to make a move. Discretion is often the better part of value in the upper reaches of the housing market.

On the one hand, a little occupier-fame adds value. On the other, too high a personal profile and news of a sale risks raising eyebrows among business contacts and gossip columnists: do they need the money, has the wife found out about the mistress, has the mistress found out about the wife?

Once a house is on the open market it becomes open season to speculate about the reason for the sale. At the cash-strapped start of the 1990s that means a lengthening queue of important town and country properties available, but over which the owners have become publicity shy.

Some of the big country estates now hovering on the margins of the open market are being sold for no more profound reason than that their owners find that a bear market lifestyle eliminates the scope to be a part-time country squire. Yet so many of these properties are of a style and on a scale justified by considerations of status rather than by any conceivable accommodation need that owners find themselves on the wrong side of the double edge of image consciousness.

Having been able to display their success with a stately home and rolling acres it often seems a lame exit from the stage to be moving for purely practical reasons. Reports that the chairman is selling his house provide one of the tastiest of tit-bits for stock market speculation on a slow news day. The fact that he never gets time to visit it, finds it too draughty, or that the neighbours drive him to distraction might justify, but hardly explain, the move. Acquiring a property of distinction adds status, and it adds visibility.

On the positive side, no sales agent would miss the chance to attract a few extra viewers by promoting a studio flat as the home of a soap opera star or a mews house as the changing rooms of some current football hero. Even a distant aura of fame can add value.

London's "blue plaque" houses, marked out as the former residence of some famous painter, poet, or politician, invariably attract a degree more buyer-interest than their neighbours. The price may be no different at the end of the negotiations, but the conversational value of living in a property with a history is a sales aid.

Fame, however tangential, is an even stronger force in the market for period country properties. You would be hard put to find anywhere that is not promoted as having some footnote of history to call its own. Indeed, history asre-interpreted by estate agents in their advertising copy-writing mode involves successive generations of Royals and semi-Royals in an endless round of house calls. If Queen Elizabeth did not actually sign the visitors' book then a trawl through the local legends will provide some near-equal brush with history. If all else fails, unveiling a gentle ghost or two may suffice.

Age neuters history. News can hurt. News of the discreet planned sale of the Regents' Park home of one of the Guinness trial defendants in this column recently elicited solicitors' letters and a surprising degree of concern about drawing attention to what, in that instance, was a perfectly straightforward home move.

Now, Sir Jack Lyons and Roslyn, Lady Lyons, are selling their home – one of London's largest and most secluded central area houses – with a degree of caution about publicity that perfectly illustrates the headline writer's dilemma.

Blundell House, a unique home that is now far too big for its present owner, Sir Jack Lyons

Here, with Blundell House in Campden Hill, Kensington W8, close by Holland Park, the Lyons have a dual-house on an extraordinary scale set in an acre and a half of gardens. A property such as this, becoming available for the first time in more than 30 years, is rare enough in West Central London to justify joint sole agents Beauchamp Estates and Conrad Ritblat in making a major song and dance about it. But coming so soon after the publicity of the Guinness trial the family is understandably keen to avoid the personal news coverage that the sale could attract. Instead, the agents will be carrying out a sale by private treaty, with the emphasis on "private."

The simple truth is that the house is too big for the Lyons now that their family has grown up, and they have already instructed the agents to find an equivalent standard, but more manageable house for them nearby. There is no race for cash, no exit from London, no drama beyond a normal trading down from a big family home.

It is the scale and location of Blundell House rather than any particular external appeal that sets it apart. The main, two storey house dates from 1915 and the original owner had a second, smaller home, Little Blundell House, built alongside for his daughter. The Lyons moved there in 1956 and a couple of years of renovations and improvements resulted in the effective linking of the homes across one of the property's two heated swimming pools.

A simple list of the eight bedrooms and five bathrooms above vast reception space in the main house, and a further three bedrooms and bathrooms in the "little" house, fails to give any sense of scale of a property in which the main house's drawing room measures 38 ft by 20 ft and where the dining room is 27 ft by 20 ft. And knowing that there are a couple of double garages and driveway parking for eight to ten more cars hardly gets across the presence of a house in which the door frames sport Adam architraves and where the main staircase and most fireplaces are exiles from an 18th century mansion.

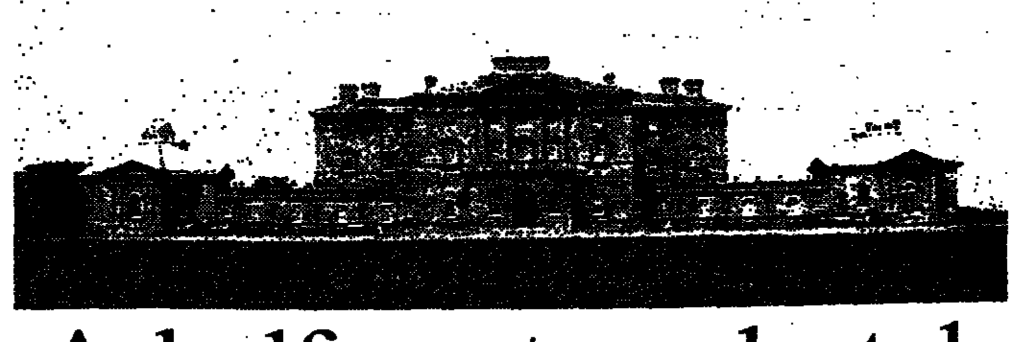
Having a house of this scale spread across two floors is rare enough in an area more commonly associated with monolithic stucco terraced villas. Having a garden that would be generous in the stockbroker belt around a house that is roughly equidistant from Notting Hill Gate and Kensington High Street lifts it still further out of reach of local comparables.

The house without publicity is also the house without an asking price. You might speculate that this is a substantially larger property than a number of the major town houses that have been marketed recently in the £8m to £10m price range. You could also say with certainty that its freehold status has far greater appeal to international buyers than the "average" Knightsbridge, Belgravia or Mayfair leasehold.

As for the location, it would be reasonable to argue that a Kensington mansion commands a premium over a Hampstead mansion but for the fact that the opportunity to compare like with like is so rare.

Move Blundell House to Hampstead and it would have more contemporaries to share a wall with, but even in that area of the big detached freehold houses with double digit-million asking prices it would stand out as a major property. Equally, Holland Park would have few problems winning a homeowners' popularity contest with Regent's Park, despite the particular appeal of the Nash Terraces and villas.

All of which combines to suggest a potential price that could well be as exceptional as the property. The one certainty is that this is a house which justifies that old saying about a Rolls Royce: if you need to ask the price, you can't possibly afford it.



A half-century hotel

John Brennan reports on a novel scheme to save a country house

A SLIVER of Las Vegas hotel practice adapted to the Oxfordshire countryside has helped preserve at least one of the stately homes of England.

Property search specialists Property Vision thought up the Vegas-variant lease solution as a way of bringing together Ashford Hotels and Buckland House. Ashford is William Dowling's country hotel group, which owns and runs the Ashford and Dromoland Castles in Ireland and the elegant Draycott Hotel in Chelsea. Buckland House, for its part, is *big*.

The house, above, is an 18th century, Grade I listed Palladian hunting lodge by Richard Wood the younger that grew to become a building big enough to get lost in during an Edwardian building spree. Although the house, which lies near the centre of a 1,000-plus acre estate, did remain the Wellesley family home until the 1960s, it is self-evidently a property of another age.

In the 1960s, in common with many stately home owners looking for a appropriate institutional occupier, the family leased the house to a private college. The economics of private education stretch to cover the basic running costs, but regular parent appeals attest to the fact that few school or colleges generate enough cash to meet calls for the kind of maintenance involved in properties of this scale. As the college lease approached its end the estate owners were faced with a limited range of options, none of which appealed.

What do you do as the owner of a listed stately home that is likely to cost a few million pounds to bring up to scratch, and which is seriously overscale for a family? The days when a few lions and a drive lined with vintage and classic motor cars would attract enough day trippers to finance a house of this size are long past.

Not that entering into competition with the theme parks appealed, any more than the idea of selling the house and its deer park to a leisure property developer. Selling to a developer to carve the property into apartments had no allure either. As for a straightforward home sale, as Property Vision's William Gething explains: "There has been a distinct change in climate. In the mid-1980s, with a bull market and tax rates coming down, it did become acceptable to buy bigger and bigger houses. Now, while there is still plenty of money around for the best estates with a good house, there are very few people who would come into the market for a house of this scale."

The idea of adapting the property to become a country house hotel met most of the owners' concerns about the possible use of the house. But on a straightforward sale basis the figures did not add up.

"There have been some crazy prices paid in the past five years in a market where people have been viewing every blade of grass as a golf course and every country house as a five-star hotel," says Gething. "A lot of those deals just do not make any economic sense."

In this case, if you added the costs of adapting, rewiring, replumbing and fitting out 30,000 sq ft of Grade I listed house to a realistic freehold purchase price then the room rates that would have to be charged to justify the costs would be prohibitive. So that preferred option would have fallen through – if it had not been for a lease deal with distant echoes of Las Vegas.

It is commonplace in the US hotel market for the building to be developed and owned by one set of investors and the operating lease to be held by a separate business. That is less common in the UK, where institutional property investors traditionally have seen hotels as a market apart from office, shop or industrial buildings. Unlike their US counterparts, the UK investors have tended to regard the property and the operating sides of an hotel business as indivisible elements of its value.

Translating the more flexible US approach to Oxfordshire, Property Vision worked out a low-start 50 year leasehold structure with the freeholding family trust which allows Ashford, as the leaseholder and hotel operator, to pay for the adaptation of the house without having a parallel set of purchase finance costs to deal with at the same time.

Once the hotel is open for business, the hoteliers' payments will rise to a level equivalent to the full fully commercial costs of the property. After that, the annual payments rise in line with the Retail Price Index. For the next half a century the hotelier can budget for an accommodation cost that is likely to be in close accord with room rate changes.

After 50 years the family trust gets its property back in good order, and the grandchildren can commend their ancestors on a shrewd move. For its part, Property Vision can lay claim to have added a fresh option to owners who do not want to see the ancestral home carved into flats, or sold away from the estate.

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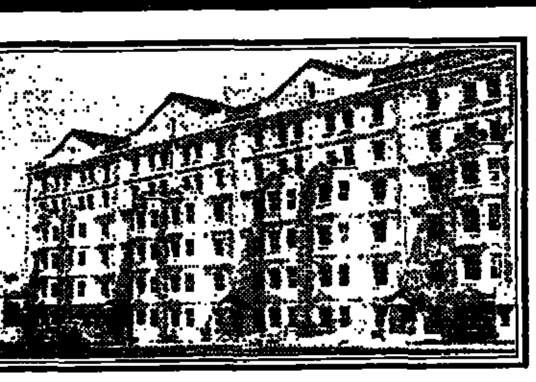
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On the shores of Lake Garda, where Gabriele d'Annunzio retired to nurse his personal monument

A small-scale victory by a king-size ego

Nigel Spivey visits a monument to one man's narcissism

LAKE GARDA is a dame who sits in two Italian regions: her eastern aspect in the Veneto, whither oenophiles will seek the vineyards of Valpolicella Classico; and a western flank stretched in Lombardy, to which the literary pilgrims will bend their way.

I was on that side, moderately curious to locate the honeymoon refuge of D.H. Lawrence near Gargnano; and, failing to have done so, was motoring down through the lemon groves and cypresses when I was arrested by signs to "Il Vittoriale degli Italiani". The victory monument of the Italians? What victory might that be?

As the cynical might expect, this building commemorates not so much a victory as a debacle. It is the place to which Gabriele d'Annunzio retired after his annexation of Fiume in 1919. Fiume – now Kijeka, in Yugoslavia – was part of the mess left by the break-up of the Austro-Hungarian empire, and d'Annunzio considered it a prize which Italy deserved after her part in the Great War.

The negotiators at Versailles did not look like securing it, so he raised a private battalion of followers and staged a coup. For sixteen months, Fiume was d'Annunzio's little kingdom.

The seizure of the town was initially bloodless: d'Annunzio was borne in on the waves of his own oratory, and the salvation of Italy's honour was proclaimed. But there were problems: the citizens of Fiume did not greatly want to be part of Italy; the Italian government did not greatly want to take charge of Fiume; and d'Annunzio's reign, which included the draft of a constitution that provided free poetry and music for all citizens, was finally brought to an end by a bombardment from Italian warships. So the christening of this villa as "Il Vittoriale" is ironic, even if d'Annunzio himself was oblivious of such irony.

D'Annunzio was 59 when he retired to Lake Garda. He lived there until his death in 1938, in a more or less monastic state. It was a renunciation of his former prowess as poet, duellist, womaniser and aeronaut, but it was also a conscious attempt to build an egocentric museum, a monument to d'Annunzio for Italy and for posterity.

No retrospective effort has been required to turn it into a museum. The house is, and always was, one enormous pose. Each room, even the bathroom, is chock-full of curios and ornaments. Some are notable: a piano that belonged to Liszt, Napoleon's death-mask; but most are simply second-rate *objets d'art*, and nauseatingly numerous.

Amid this clutter there are the relics of a self-styled hero. Suspended from a ceiling, the biplane in which d'Annunzio flew over the roof-tops of Vienna, scattering propaganda to the Austrian foe; in the grounds, the partial hulk of a once-sunk cruiser, the Puglia, whose prow juts out towards the lake, and whose gun turrets used to blaze salvoes whenever d'Annunzio was visited by Fascist or Bolshevist notables. There is also one of his anti-submarine motorboats, bearing the legend *Memento audere semper:* Remember to keep daring!

If it is the case that "the truly strong man lounges about in bars and does nothing at all", as Auden believed, then d'Annunzio amounts to nothing more than a posturing *superuomo*, a silly acolyte of Nietzschean faith who hailed danger as "the only God" and violent death as "the very essence of simplicity".

The life and art of d'Annunzio are coherent. His lyrics sought to do for Italian poetry what Wagner had done for music. His villa once belonged to Wagner's widow. His legionaries at Fiume were in 1922 the sort of men who accompanied Mussolini in the March on Rome, wearing black shirts.

Both Mussolini and d'Annunzio looked to Julius Caesar as a model for their rhetoric and actions. In short, d'Annunzio was a proto-Fascist. His last public statement from the Vittoriale was to congratulate the young Italians for their crusade against the black peril in Abyssinia: a last illustration that patriots are scoundrels.

Based at this place is the Fondazione del Vittoriale, which exists to perpetuate the name and work of d'Annunzio. It has a hard task. There is no shortage of closet Fascists in Italy, but Italians are minions of fashion, and d'Annunzio is not fashionable. As a novelist he is distinctly passé: I would guess that he is as much read in Italy now as we in the UK read George Meredith.

His once-notorious "sensuality" sends few frissons up the modern spine. As a lover he seems slightly pathetic: the society women who swooned for him do seem in retrospect the most hideous collection of old trouts. For the most distinguished of them, the actress Eleonora Duse, d'Annunzio wrote a number of tragic roles; and the Vittoriale has a little theatre, where d'Annunzio's plays are sometimes staged. If not there, then where?

So it is a rather sad place, this Vittoriale: not the "flame transferred to marole" its creator would have wished. And yet there is a genuine legacy, which deserves respect: his poetry. This is better than Caesar's. It is keyed into Mediterranean myth and landscape, and full of pleasant voices; *nightingales who will sing* above all the gunfire and melodrama of Gabriele d'Annunzio.

■ "Il Vittoriale" at Gardone Riviera is open most days, 8.30am – 12; 2.00pm – 6.00pm.

A hedge by any other name

Robin Lane Fox believes tough pruning can solve a thorny problem

THESE short, wet days are a wonderful time for cutting down, putting to rest and laying new plants. At last it is possible to pull weeds by the roots, remove the blackened top growth from borders and think clearly about the way forward. I am noticing the different times at which particular leaves change colour: among roses, the variations are most obvious and have prompted a worthwhile thought for a new feature.

It is a thought which I have already approved in practice. Rose-growers in their catalogues write warmly of roses as hedging plants: for years, I never knew whether to trust them. The safest bets appeared to be the wild varieties which are natural hedgers so long as you do not mind thorns.

Here, I think particularly of the Scots Burnet roses, or forms of Rose pimpinellifolia which are such admirable value on dry banks. This year has really proved their worth.

This spring, I planted half a dozen on a very dry slope out of reach of the hosepipe: they have had to make a life in total adversity for four months. All six are alive and shooting sideways, already producing the typical suckers which can be detached and made into new plants.

I like the tiny leaves, the flowers of the pure white form and the little black berries which follow. They grow almost anywhere and are dog-proof to a height of four feet. There are some particularly fine thickets of the Scots Burnet roses in the main parterre of the restored Jekyll garden at Hestercombe, near Taunton, in Somerset. They are absolutely no bother, the busy gardener's dream, but they look charming in the ground plan of that famous Edwardian design.

Scots Burnet hedges are more like thickets: What is the truth of the more refined roses which the main growers recommend as hedges and screens? Two of our leading rose-growers, Peter Beales and David Austin, have recently produced important books on the old-fashioned varieties where the possibilities of rose-hedges are often cited. Beales's book, *Classic Roses*, is especially keen to encourage us to look in this direction. He marks anything from the white Boule de Neige to the big Bourbon varieties as suitable for hedges: what happens when you try them?

Three years ago, we took the plunge and tried a long run of Rose Ispahan from David Austin's nursery at Albrighton, Wolverhampton. This variety is on the margin of the old Damask varieties and has been known for more than 100 years. The colour is quite a strong pink which becomes stronger in these hot summers; the season is early and the catalogues claim that it makes a decent hedge. The results have been fascinating and, after three difficult years, worth sharing.

We began by ramming iron bars into the ground at either end of the hedge's main beds, each about 15 yards long. On to them we stretched lengths of plain wire, like a frame for raspberry-canes, spacing them at heights about 18 in apart. The ground was then cleared to a width of about three feet and dug thoroughly in November to the depth of two spades. We packed it with bone meal and old manure on the theory that the hedges would have to last for almost a lifetime.

The bushes of Ispahan went in a yard apart and although they looked pathetic in early February, we cut each one right back to the second bud on its stems, about nine inches above ground. We also separated the stems and splayed them on to the wires by bending them as low as possible and tying them tightly with twine. This first pruning turns out to be extremely important as it modifies the main weakness of a rose hedge, the gap which it otherwise shows at its base. If you let the stems grow upwards for a year, you will

never fill in the base-line so neatly and the entire hedge will look too thin.

In spite of this hard pruning, Ispahan spent the first year growing madly: it flowered early and threw up long shoots in early summer. As soon as they appeared, we cut them off because they unbalanced the bulk of the hedge.

The roses did not mind this early pruning of their new growth and we repeated it, against all written advice, in autumn. In the second year, the flowers were even heavier. That autumn, we already had a leafy hedge which was about four feet high and covered with flowers during early June. Its particular merit then became obvious: for some reason, Ispahan does not lose its leaves until late November, if then. As I write, the entire hedge is fresh green without any trace of black spot or autumn colour.

Admittedly, the pink of this particular rose is quite vivid and, like most old fashioned forms, it allows many of its flowers to die while others are still in bud. If you let the long canes develop, they are untidy and make the entire hedge top heavy.

I suppose they could be tied in too and would raise the entire screen to six feet or so. They are much neater when removed altogether: the other important point is to begin by being ruthless, spreading out a proper bottom layer and not leaving the young plants to make up for their initial impact by growing upwards, not outwards.

If you consult Beales's book, you will find hundreds of old roses which are marked with the hedging symbol. It is perhaps wiser to begin by picking only the strongest growers in these lists: I have verified, and would recommend, three pink forms, Baroness Rothschild with greyish green leaves, Mrs John Laing with the loveliest pink flowers and the strong, recurrent Louise Odier which is a shocking pink.

The point I wish to emphasise is that the idea works and can make a manageable frame for a straight path or walk. It is, however, essential to prune ruthlessly throughout the year and tie and spread the growth resolutely during the first seasons. If you want a persistent impression of fresh green leaves, I cannot believe there is a better possibility in the book than Ispahan.

Books with growing appeal

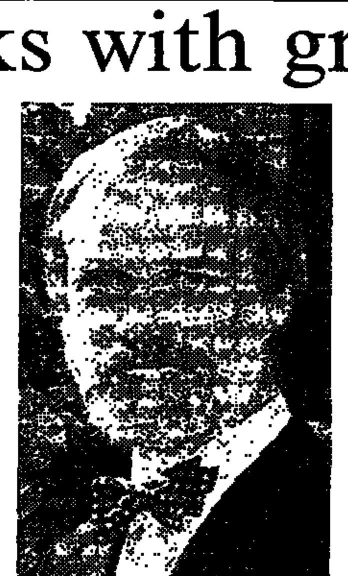
TWO BOOKS published recently are so excellent, so different from most other gardening books, and so clearly written by authors who are really masters of their subjects that I must call attention to them.

Both have simple titles to match the clarity of their approach. One, by Dr Stephan Buczaki, is called *Understanding Your Garden* (Cambridge University Press, £14.95); the other, by Rosemary Verey, is *Good Planting* (Francis Lincoln, £18.95). Both are excellently produced and illustrated but in their subjects they could not be more different.

Dr Buczaki is concerned with the very basics of gardening, the matters we should all understand if we are serious about it. Mrs Verey writes about aesthetics, a kind of modern Gertrude Jekyll, discussing plants' shapes and colours and how they can best be used to blend or contrast with one another, creating satisfying pictures in the garden.

I find her more readable than the great Miss Jekyll and fully in tune with the scale of most gardens today. She has made a greatly-admired garden for herself, at first with the active assistance of her husband but, after his death, continuing to develop and diversify it herself in the way in which we all like our gardens to evolve.

This is the way in which



Dr Stephan Buczaki: a cool head on gardening matters

Verey explains her approach. In her introduction she writes: "In our gardens, colour, tone, texture, shape and growth combine to satisfy our eyes and agitate our hearts. While an understanding of them can be taught, it is familiarity with them that will bring the most deeply-satisfying response, just as it does in music, poetry and art. Indeed, a gardener has always seemed closely related to a painter. In some ways, his task is more complex, since his palette is composed not only of living colours but also of changing textures and his canvas is fluid in time – maturing, fading, finally ceasing to exist."

She fills her book with more sensible, clearly-expressed advice about overcoming these difficulties. To a very considerable extent, she is describing what she has done and undone and then recreated in another manner in her own not-so-very-large garden at Barnsley House, Barnsley, a few miles from Cirencester, in Gloucestershire. She has picked her illustrations superbly, all taken by one photographer, Andrew Lawson, and the printers have done her proud. She has also prepared half-a-dozen border plans, each with an accompanying perspective painting, showing what the effect would be in the garden. In fact, the photographs are so clear that many could easily be used as planting guides.

Dr Buczaki is concerned with totally different matters; what plants are, how they grow and how these basic matters determine the way in which they must be managed in gardens.

He has an excellent chapter on the environment which, of course, includes what the soil provides. Most important, because so easily overlooked, he explains how environments are changes by the plants that grow in them. These may change the micro-climate, encouraging invaders to colonise the site. Gradually, these invaders may take over, to be ousted in their turn by others until what ecologists call a "climax community" is reached – this includes the largest species that the local soil and climatic conditions allow.

Over much of Britain, this is likely to be woodland. Your garden, he says, is not frozen in time but is maintained in its present condition solely by your efforts. Relax then, allow weeds to establish, and your garden is on its way to becoming woodland once again.

He has similar thought-provoking things to say about plant foods and their use and I wish that everyone who is puzzled by the present confusion of argument between traditional and organic gardeners would read them dispassionately, for he is a cool, uncontroversial writer who is able to explain it all clearly.

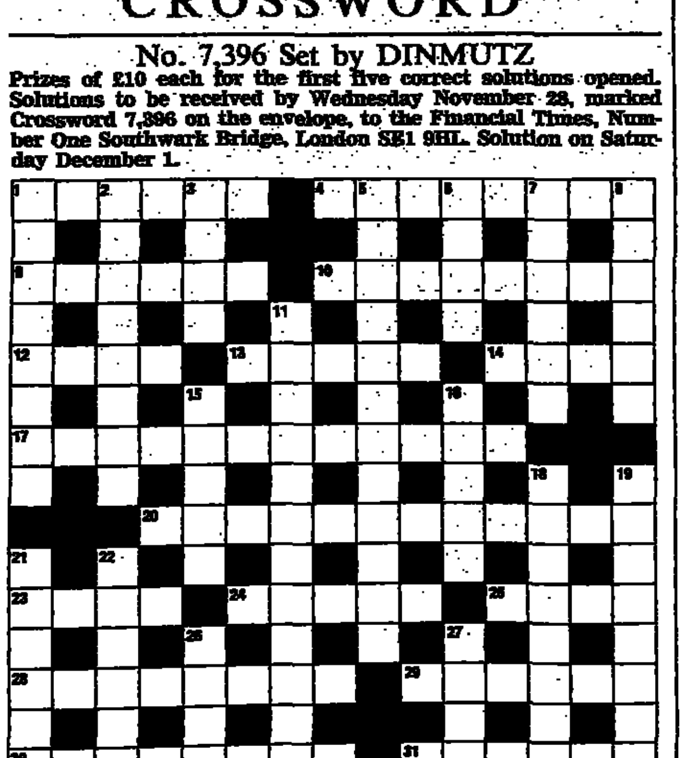
There are equally good chapters on plant husbandry, plant variety and reproduction, pests, diseases and weeds. Many of the colour pictures are his own, the numerous diagrams and tables pack in a great deal of information and the book does not cover any of the matters that are in Rosemary Verey's book any more than she strays into his territory. This is what makes the two books so complementary.

Arthur Hellyer

CROSSWORD

No. 7,396 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 28, marked Crossword 7,396 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 1.



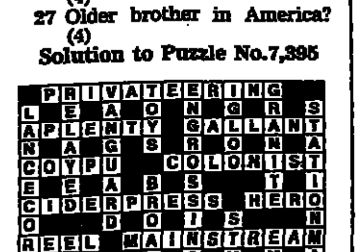
ACROSS

1 Do they form hospital borders? (6)
4 Poison has its share of water inside (8)
9 Puts off many females in the family (6)
10 Ring embassy in default (8)
12 Name a line not in the country (4)
13 Time for the band! (5)
14 Give me a second to make a note (4)
17 One's own breakdown? (4-8)
20 Suspension from job (newly open to chaps with title, initially) (12)
23 Six old pence to join circle of poet (4)
24 Warning noises from saloons, for example (5)
25 Confused type, right for the jetty (4)
28 But should one see the dentist with it? (8)
29 The fat, you could say, of the land (6)
30 Wader's account for footwear? (8)
31 Mains to colour beam in study (6)

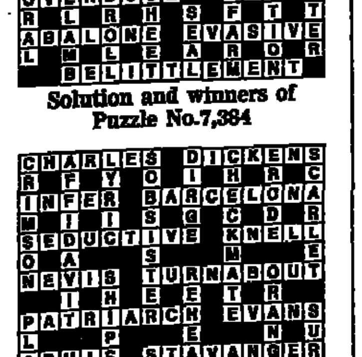
DOWN

1 Fellow in robbery – just for the pleasure of it (8)
2 Haydn symphony introduces act dramatically (8)
3 Common grub hidden in wheat-stalks (4)
5 Do they provide bread for the host? (4,3,5)
6 Perhaps eastern part will reveal church recess (4)
7 Team playing as one (6)
8 Don't give up nursing – it is a common subject of strain (6)
11 Go crazy in such a store? (12)
15 Bird ill-suited to Ilkley Moor? (5)
16 Animal I have caught outside (5)
18 Consignment for the Camptown Stables? (8)
19 Way to encourage big fish (8)
21 Shown at Cruft's, they are not always knocked out (6)
22 Tully once had rice pudding, firm on the outside (6)
26 Grave, in opinion of doctor? (4)
27 Older brother in America? (4)

Solution to Puzzle No.7,395



Solution and winners of Puzzle No.7,384



M. Ansdell-Smith, Frodsham, Warrington; C. Austin, Wolverhampton; Sheila Friend, Sale, Cheshire; H. Jolley, Glyphada, Athens, Greece; Mrs C.J. Kramer, East Horsley, Surrey.

BRIDGE

TWO NEW books by Hugh Kelsey, *Test Your Card Play 1*, and *Test Your Card Play 2* have recently been published by Gollancz at £3.95. You will find them most instructive. This comes from volume 1:

N
♠ Q J 5 2
♥ J 4
♦ 8 6 5 3
♣ K 10 3

W
♠ 10 8 7 4
♥ Q 6
♦ A K 9 2
♣ 8 7 6

E
♠ K 9 3
♥ 10 3
♦ Q J 10 4
♣ A J 4 2

S
♠ A 6
♥ A K 9 8 7 5 2
♦ 7
♣ Q 9 5

With East-West vulnerable North deals, and after two passes South opens with four hearts, which closes the auction. West leads the diamond ace, East dropping the queen, and follows with the two, and South ruffs East's 10. Declarer cashes ace and king of trumps, and they divide 2-2, West dropping the queen. How should South continue?

There are two chances, club finesse and spade finesse. The problem is entries. If you want to avail yourself of all the chances in the black suits, play the club nine, and finesse. If this draws the ace from East, your contract is now assured: if it loses to the knave, you ruff the diamond return, play your club queen, and overtake with dummy's king. Your entry to the table for the spade finesse is ensured either at this trick or later.

This hand appealed to me – it is well worth careful study. We turn to volume 2:

N
♠ 5
♥ A 3
♦ Q 8 6 5 3
♣ Q 10 8 7 2

W
♠ K Q 9 7
♥ J 8 5
♦ J 9 4 2
♣ 6 5

E
♠ 10 8 6 4 3 2
♥ K 10 7 2
♦ 10 7
♣ A

S
♠ A J
♥ Q 9 6 4
♦ A K
♣ K J 9 4 3

With both sides game South is dealer and opens with one club, North replies with three clubs, and the opener rebids three hearts. This encourages North to jump to five clubs, and South goes on to six, an optimistic contract. West leads the spade king, taken by the ace. How should South play? If the diamonds break 3-3, all is well. If they break 4-2, there is just one slender chance – that the defender with two diamonds has the singleton ace of clubs in addition to the heart king.

South cashes ace and king of diamonds and ruffs his spade knave in dummy, then follows with the diamond queen, throwing a heart from hand. If East ruffs, he is endplayed and must lead from his heart king or concede a ruff discard. He throws a spade. Now a diamond is ruffed in hand and East is thrown in with a club. East leads a low heart, South wins with queen, crosses to the club queen, drawing the last trump, from West, and claims the rest of the tricks. Well played, but very fortunate.

E.P.C. Cotter

CHESS

GARY KASPAROV, the world champion, and Anatoly Karpov, his challenger and the former holder, renew their title series in Lyon, France, next weekend after the scores in the New York section of the match were deadlocked at 6-6, one win each and ten draws.

Thus far Karpov is clearly the moral victor. Pre-match *forecasts based on their world* ratings predicted that Kasparov would be a couple of points ahead at this stage but he has faltered after an impressive start, while Karpov has neutralised his opponent's tactical skills. More than once Kasparov has built up a commanding advantage only to fritter it away in untypically hesitant fashion.

Part of the pressure on Kasparov has been self-induced, caused by his pre-match comments that after achieving so much in chess – the world title, the world cup, and the highest all-time ranking ahead of Bobby Fischer – the last frontier was to defeat Karpov by a wide margin. Kasparov's British manager Andrew Page *admitted that: "Gary and his* friends expected a lot, and he has been playing worse than expected. Now he understands he needs to relax."

Technically, Kasparov's weakness has been in middle games resulting from the white side of his favourite Ruy Lopez. He won game two brilliantly, but mishandled clear advantages in games six, eight and 12. His loss of confidence showed in the final encounter in New York where he had a strong attacking position then lost time with his queen and bishop. Karpov liquidated to an endgame where he could have played on for a win when they agreed a draw.

Could there now be a major upset, with Karpov, at 39, regaining the title he lost to his young rival in Moscow five years ago? The ex-champion is still at a disadvantage overall since Kasparov keeps his title in the event of a final score of 12-12. *More important*, Karpov is himself playing with less authority or conviction than in his best years.

In his youth he moved rapidly, now he is often short of time at the end of the session and in danger of an automatic clock forfeit. The Karpov of the 1970s would surely not have missed the clear winning opportunities he had in games four and eight. So far Karpov has not been under any special pressure, but he froze psychologically when he had chances to win his 1986 and 1987 matches with Kasparov and the syndrome could recur.

Next to Kasparov's brilliant win in game two, the high point of the series so far has been game 11, probably the *most memorable draw in world* championship history. Kasparov's sacrifice of rook for bishop in a standard opening seems to challenge accepted chessboard values, and even grandmasters among the audience could not understand it at first. The sequel, however, was a dynamic attack conducted across the full board culminating with further offers of rook and bishop to force a draw by perpetual check.

White: A. Karpov. Black: G. Kasparov.

King's Indian Defence (11th game, New York 1990)

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 Nf3 O-O 6 Be2 e5 7 Be3 exd4.

Varying from 7 ... Na6 which in game seven led to Kasparov's only defeat of the match so far.

8 Nxd4 Re8 9 f3 c6 10 Qd2.

10 O-O was preferred in most earlier games, when White's slightly vulnerable e3 bishop can be safeguarded by Bf2 or Nc2; but Karpov is already planning to establish a Q-side pawn majority at move 13.

10 ... d5 11 exd5 cxd5 12 O-O Nc6 13 c5 Rxe3!? 14 Qxe3 Qf8!

The subtle follow-up to Kasparov's sacrifice. Karpov has to open the b-file and place a knight offside to guard his c pawn, and this gives Black time to bring his a8 rook into the attack.

15 Nxc6 bxc6 16 Kh1 Rb8 17 Na4.

An immediate 17 b3? loses to d4 18 Qxd4 Nd5.

17 ... Rb4 18 b3 Be6.

Black could also try 18 ... Nh5 at once, with the idea of 19 Rad1 Rh4 20 Qf2 Qe7 21 g4 Be5 22 gxh5 Rxh2+ 23 Qxh2 Bxh2 24 Kxh2 Qxe2+ when Black *should win the ending*. Possibly in that event Kasparov feared 19 g3, returning the exchange; whereas after 18 ... Be6 19 g3 d4 20 Qd2 Nd5 Black can continue with positional compensation for his sacrifice.

As played, perpetual check already looms and was spotted several moves in advance by world champion computer Deep Thought which was fed the game for its comments.

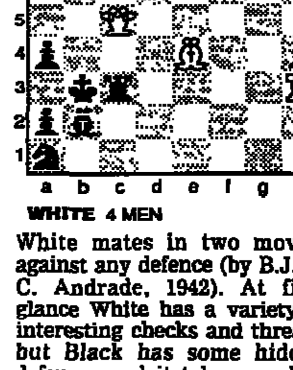
19 Nb2 Nh5 20 Nd3 Rh4 21 Qf2 Qe7 22 g4 Bd4!

Black must go for a draw, else his pieces are driven back. If Karpov tries 23 Qg2 Bxa1 24 Rxa1 Qf6 25 Rf1 Nf4 favours Black who dominates the dark squares.

23 Qxd4 Rxh2+! 24 Kxh2 Qh4+ Drawn by perpetual check. Kasparov took only just over an hour on the clock for his imaginative attack, suggesting that much of it was created by his aides in pre-game analysis.

PROBLEM No. 847

BLACK 7 MEN



WHITE 4 MEN

White mates in two moves, against any defence (by B.J. de C. Andrade, 1942). At first glance White has a variety of interesting checks and threats, but Black has some hidden defences and it takes a subtle key to solve the problem.

Solution Page IX

Leonard Barden

Memories of the Sixties

***George Graham** on the questions posed by the latest Paris riots*

Paris rioting, 1990 style – but the 100,000-strong march by French students ended an overwhelmingly peaceable demonstration

THE SMELL of tear gas drifting along the quays of the River Seine brought back familiar memories this week, as France's CRS riot police *formed up to disperse an estimated* 120,000 protesting high school students.

The marchers set off from the Bastille to press their demands for better school conditions in front of the parliament and the education ministry. But, as scuffles and looting broke out, the police moved in to stop the demonstration from crossing the river to its destination in front of the Elysée Palace.

Despite some superficial resemblances, however, everything about Monday's march distinguished it from the Paris riots of 1968, where students and trade unions came together in a far-reaching outburst against society, and even from the student demonstra*tions of 1986, protesting against* a project to reform the university system.

Behind the violent picture given of the march by images of looted shops and burning cars lay an overwhelmingly peaceable demonstration, far from the maelstrom of May *1968; students, police and journalists* all agree that the "smashers" formed a small and unrepresentative minority.

The most obvious difference was in the reaction of the police. Instead of laying about them with their truncheons as *they did in 1968 and 1986* – when two policemen beat a student to death – the police reacted so gently that they have been criticised for being too soft with looters.

Eyewitnesses agree that the police displayed remarkable restraint. Different, too, is the response of parents, teachers and politicians to the protests.

"The paradox of this movement is that it is beating against an eiderdown. Parents *remember May '68 and encour*age the movement, politicians from right and left want to open a dialogue. But this attitude irritates the school students, who get the impression that society thinks of them as children to be coddled," says sociologist Edgar Morin.

*The leaders of the '68 genera*tion, many of whom now sit in parliament or work in the government, look on almost with regret at the materialistic preoccupations of the students.

Money is certainly at the top of the students' demands. They want money to renovate the *bleak suburban lycées, or high* schools, where the protest movement began; money to pay for more teachers and security supervisors; and money for coffee machines, cafeterias and extra-curricular *activities. Behind these con*crete demands, however, lies a more general unease.

"When the students see that the rule of the game in the economy, in politics, in sport, is the absolute rule of money, we shouldn't be surprised if they say "Us too"... but we *can see today that we cannot* make it with quantitative measures alone," says Yannick Simbron, secretary general of the FEN teachers' union.

Since President François Mitterrand was re-elected in 1988, the government has made education its top priority. The *central education budget has* risen by FFr50bn since 1988 to total FFr247.8bn next year, and Michel Rocard, the prime minister, this week promised an additional FFr4.5bn to meet the students' demands.

In relation to the French economy, however, the budget boost of the last three years has only halted a longer slide in education spending, which has declined by around half a percentage point since its peak at 6.79 per cent of gross domestic product in 1984.

The extra money, moreover, has been overwhelmingly devoted to revaluing the salaries of the 880,000 teachers and 280,000 administrative and ancillary staff employed by the French education ministry. Lionel Jospin, the education minister, has made only a ten*tative start on the promised* overhaul of the system.

Commentators from all sides are agreed that secondary education in France is close to thrombosis in its structures, its organisation, its subject matter *and its goals – a judgment* which throws cold water on the new-found enthusiasm of Neil Kinnock, the leader of the British Labour Party, for the lycée model.

France's educational achievements are still solid. More than 80 per cent of boys *and more than 90 per cent of* girls are still at school at the age of 17, compared with 30 and 40 per cent respectively in the UK.

The ambitions of Rocard's government are still more impressive. By the year 2000, the aim is for no-one to leave *school without some form of* diploma; for four pupils out of five to reach the level of the baccalauréat, the main examination for those graduating from high school; and for all who pass to be able to go on to *higher education.*

These goals involve bringing 60 per cent of pupils to baccalauréat level by 1993, compared with around 50 per cent last year and little more than 30 per cent in the 1970s.

But parents and schoolchildren complain of rigid curricula, *authoritarian teaching staff,* long study hours, the heavy load of homework, the discouragement of original thought and the psychological pressure to pass the baccalauréat, without which it is becoming more difficult to get any job.

Even the very best lycées are *unquestionably far more open* to children from all social and economic backgrounds than Britain's public schools and universities. Yet middle and upper class families with the time and money to coach their children through the baccalauréat still score far higher educational success rates than working class families.

What is more, some econo*mists suggest that, whatever* its intrinsic merits, the French system is providing the wrong sort of education, and may be partly responsible for France's *unemployment rate of 8.9 per* cent, the highest in the industrialised world except for Spain and Ireland.

On the organisational side, one of the core problems in the French educational system is its heavy centralisation. With a total of 1.16m employees, the French education ministry ranks second only to the Red Army in the size of its workforce.

A timid attempt at decentralisation began in 1986, when responsibility for the construction, maintenance and renovation of high schools was entrusted to regional and departmental administrations.

This decentralisation means that, ironically, the student protesters are knocking at the wrong door. Crumbling lycée buildings and prefabricated huts serving as classrooms come under the regional governments, not Jospin's central *ministry – a fact which has* rubbed salt in Jospin's wounds as he tries to fend off the students' inchoate demands.

Yet many observers see the concrete demands put forwards by the students' leaders as more emblems of a deeper-rooted unease than objectives *in themselves.*

"It is certain that the buildings are old and that there are not enough teachers and supervisors, but the ageing and the shortcomings have become the symbols of the ageing and shortcomings of the teaching system, and deeper still, of society," says Morin.

In this broader sociological context, the handful of youths, most of them from the concrete suburbs which ring Paris, who threw paving stones at the police and pillaged shop windows during Monday's demonstration are, in fact, just as representative of the underlying complaint as the better behaved students who made up the great bulk of the demonstrators.

FOR if the government wants four *out of* five pupils to reach baccalauréat level by the year 2000, that still leaves one loser, who without the crucial educational qualifications *will stand* less and less chance of ever making it in the job market.

This side of the revolt was seen in sharper focus a month earlier in Vaulx-en-Velin, a jumble of stained 1960s tower blocks near Lyon where youths ran riot and destroyed a shopping centre after a 21-year-old was killed in a crash with a police car.

"The haves and the have-nots are there together on the streets. On one side, the students who believe the promises, on the other the kids who know that whatever happens to the lycées, they are going to be the losers," said another French sociologist.

It was not only the C&A clothes chain that was raided *by the "smashers" at Monday's* demonstration; school students on the march, too, were held up and robbed of their jackets by their worse-off contemporaries, to the battle cry of "Vaulx-en-Velin".

Neither the anger of the have-nots nor the more peaceable unease of the haves are easy targets for the government to address with concrete measures. What remains to be seen is whether the student movement will simply wear itself out with time, or gain momentum and begin to pose more serious problems for the government's survival.

From cellmate to power broker

***Jennifer Monahan** on the radical improvements in Polish jails*

"...and this is the Solidarity wing," said the director of Rakowiecka Street Prison in Warsaw.

THE CELLS where Soli*darity activists served* their sentences after the imposition of martial law in 1981 are the same as all the others. Narrow convict cells with bunk beds. The landings, with their walkways and nets, could belong in a British local prison, but with two differences: the whitewashed walls and stripped wood doors are bright, and the number of prisoners is today marginally below the certified norm.

The former political inmates of Rakowiecka Street are today's decision-makers. The combination of first-hand expe*rience and legitimate power is* producing dramatic results. In the 18 months since the elections that gave Solidarity the leading role in government, the Polish penal system has seen the very changes that reformers in Britain have been battling to obtain for decades.

Wages for Polish prisoners *working on industrial con*tracts have been raised to the level paid for comparable work outside. British prisoners receive an average "wage" of £3 per week. Some I saw recently were sewing mailbags. Censorship of convicted prisoners' mail in Poland has been *abolished: in British closed* prisons censorship is still in force. Home leave for Polish prisoners is granted for longer periods and earlier on in a sentence than in Britain. More time is permitted outside the cell. Health and safety in Polish prisons has been brought under the relevant local *authority. Crown immunity* exempts the British prison administration from sanction. Slopping out in Polish prisons is the exception, not the rule.

Polish prisoners are now covered by a code of minimum standards. They have direct access to an independent *Ombudsman. Disciplinary pro*cedures permit a final appeal to a court of law. Complaints about medical treatment may of right be investigated by independent doctors. British prisoners have none of these safeguards.

But implementing the new prison code with the old prison *staff leaves an inevitable gap* between the rule-book and the reality. The head of the Polish prison service, a sociologist whose lifelong work has been devoted to prisoners' rights, makes spot checks to assess what the reality is. His very high standards are backed by *the Ombudsman, or more accu*rately Ombudswoman.

Ewa Letowska, Commissioner for Civil Rights Protection, was appointed in the final throes of the Communist regime and swamped with a brief so wide that her impact was predicted to be minimal. Prisons are but one subdivision *of her work. She confounded* the Party bosses, and survived them. Her annual reports (available in English) are a devastating catalogue of abuse of power, bureaucratic indolence, administrative negligence, and professional incompetence.

On prisons, the examples cited are ones I have met in British jails: a man refused permission to attend his mother's funeral; another with a complaint about medical care whose files, when required, were "missing"; and many more. The effectiveness of *assiduous case-by-case inspec*tion in Poland is starting to show: complaints are now less about physical abuse, more about "rudeness". Complaints about poor medical treatment are fewer.

The most striking change of all in Polish prisons, and the *one on which all improvements* depend, has been the cutting of the prison population by more than half.

The proportionate number inside remains high, even by British standards. Overcrowding by any civilised standard is by no means eliminated. But a *reduction in absolute figures* from nearly 109,000 in 1986 to around 43,000 this year is a measure of the political will to get results.

An amnesty last December for non-recidivists is the immediate reason for the decrease. But amnesties were the emergency measure used by the old regime, and the prisons always filled up again. The most bla*tantly double-edged criminal* charges used by the Communists have been repealed. Root-and-branch changes have been made in the prosecution, sentencing and appeals procedure aimed at keeping people out of prison (or releasing those serving outlandish sentences). Vir*tually all the Supreme Court* judges have been replaced and a ban on Communist Party membership for all judicial applicants is bringing out a different sort of candidate.

However, the new practices aimed at protecting the individual have still to operate within a penal code that was designed to protect the state. A completely new code has been *drafted at break-neck speed,* too fast, many lawyers think. It includes abolition of the death penalty and introduction instead of the life sentence for murder. Meantime, the system has to try to operate both justly and within the law. It is like trying to rewrite the script *and change the cast while the* performance is on.

The other central European countries have embarked on a similar course, but Poland is in the vanguard: the groundwork for many of today's changes were laid in 1980-81. The dizzy reforms could now so easily come crashing down.

With the old security police disbanded, public fear of the state is replaced by fear of crime. Burglaries, street crime and more organised racketeering have soared (as in neighbouring countries). The uni*formed police, which now has* 4,000 vacancies, knows it is unloved and barely maintains a presence on the streets. It polices by swoops and raids, and is conspicuously absent when needed. The national crime clear-up rate has been estimated at from 3 to 5 per *cent. Compare this to Britain's* 35 per cent, and it would seem *that the supply of prisoners in* Poland *must be drying* up. Apparently not so. Even the minimal clear-up percentage in Poland is enough to be slowing down the monthly drop in the jail population. Prison staff are *starting to see last year's pris*oners who were granted an amnesty, back in again.

The economic situation contributes to general nerviness, and does much to undermine the reforms in the penal field. As jobs disappear outside, it becomes harder and harder to *find the contracts that keep* prisoners employed and paid. The absence of after-care provisions adds to housing and employment problems.

Major prison riots at the time when the extent of the amnesty was being disputed in the two houses of parliament *increased public anxiety. Pub*lic opinion surveys in Poland show a desire for tougher treatment of criminals, including the death penalty.

"Voices from the people, the press and the parliament are saying we need to be more tough on crime," says Profes*sor Lech Falandysz of Warsaw* University, a leading government adviser. "If those voices prevail, we'll be in the same dilemma as the UK. So far the government is in support of our reforms, but what next?"

With the Presidential elections due on November 25 it is not just the lawyers who are holding their breath.

Ashley Ashwood

Lech Walesa: in the forefront of reform

Independent schools: heads and tales

■ continued from page I

schools," Rogers said, adding that his students might have performedwell if they had been sent to their local comprehensive.

Meanwhile, the data also suggest that schools which insist on remaining white, Christian and male do less *wellthan their more* open-minded counterparts. Rev. Peter Pilkington, headmaster of St Paul's, says that the very large number of Jew*ish boys at his school* has contributed to its high performance in A level exams. Similarly, David Smith, headmaster at Bradford Grammar, says his school's academic standards are bolstered by the high percentage of Asian children attending, as well as by the decision to admit girls to the sixth form. Other headmasters say privately that they would like to admit girls to the sixth form, partly to boost academic standards, but are prevented from doing so by rigid boards of governors bent on preserving traditions.

Meanwhile, singling out superior girls' schools is a far more difficult task than pinpointing top boys' schools, although their A level grades are roughly equal. For example, Wycombe Abbey slightly outperforms Winchester on A level exams, while North London Collegiate outperforms a number of the best London boys' day schools.

So why admissions tutors, examining board members and officials within independent education should find it so dif*ficult to name the top 10 girls* schools remains a mystery. However, headmistresses offer a few ideas.

Among the primary reasons *are that the boys' schools have* better financed publicity machines and that girls' schools have not fostered such a fiercely competitive ethos. "These *A level results are sort* of like virility symbols," said one Oxbridge admissions tutor. And, to be fair, Oxbridge colleges have only become co-educational within the past 10 to 15 years so that tutors are less familiar with the products of girls' schools.

Also, there has been a more subtle aspect to girls' education that is only changing recently. "For years, girls' schools were preoccupied with turning out little ladies," said one member of the Girls Public Day School Trust. Indeed, even a quick perusal of the latest girls' schools catalogue shows that courses in domestic science, needlework and textiles are offered, even at the most selective places. One parent, inspecting Wycombe Abbey as a possible school for her daughter, was told about the classes in flower arranging. Although Wycombe Abbey's scholastic record is formidable, *this is not the stuff of which* academic reputations are made.

Among some of the most rigorous girls' day schools, such courses are scorned. "We don't offer domestic science," said Helen Williams, headmistress at St Paul's Girl's Schools. At her school, all girls are required to take chemistry and mathematics to age 16, and the overwhelming majority take maths and science to A level. Indeed, at many girls schools, further maths is the most frequent subject for a fourth A level exam, a topic capable of frightening off all but the most able boys.

Meanwhile, headmistresses agree that A level results at girls' schools also do not tell the whole story. While the most *spectacular* A level results are displayed by North London Collegiate, a large school in contrast with its neighbours, its education is viewed as somewhat more narrow than that of some competitors. For example, up until four years ago it did not offer A levels in economics. And at *Manchester's Withington High* School, the very high percentage of A grades may be as much a reflection of the small size than of sixth form as any*thing else. Similarly,* Cheltenham, among the largest of the nation's girls' boarding schools, finds its overall results lowered by the "tail" of less able pupils it must accept in order to keep going.

The best results are undoubtedly impressive. Nevertheless, as a product of New York's school system I am still looking to the maintained schools in my area for the education of my daughter.

هكذا من الاصل

Now we're all on the brand wagon

***Lucia van der Post** returns from New York to explain why Real Men now shop like women*

THE DAYS when you could tell a man's nationality by the way he dressed are gone, at least among the sophisticated travelling classes. Jonathan Raban, in *Hunting Mister Heartbreak*, recalls how, back in the hot summer of 1972, he bought "a striped summer jacket in synthetic seersucker, a pair of washable trousers with creases built-in and guaranteed to last forever, two button-down shirts with white collars and blue fronts. Out in the street in my new American camouflage, I melted into the city, a regular guy at last."

Today there would be no need for camouflage. On the streets of Manhattan many a regular guy has dropped his all-American plumage and been subtly transformed into International Man. That chap in the roomy, over-sized Armani suit, the one sporting a softly-coloured Italian blazer and grey flannels, the other one in the formal Brooks Bros suit – who are they, where do they come from? Their clothes are unlikely to tell you.

There was a time when only gays really knew how to dress and most of the men's fashion magazines and designers directed their efforts to them. In the last ten years most of the men's fashion magazines have gone straight – the images are all of macho men, and the clothes are often photographed on real-life professionals: architects, lawyers, bankers.

America's royalty, the movie stars, did their bit. When Don Johnson of Miami Vice shrugged his broad shoulders into the relaxed, over-sized Armani jackets, Americans took on board that now it was all right for a chap to be fashion conscious.

In the meantime Daniel J. Boorstin, the historian, jurist and Librarian of Congress Emeritus, in *The Decline of Radicalism*, introduced us to the notion of consumption communities – people who are linked more by the brands they consume than they country they live in. Nowhere is this clearer than in the world of menswear, where the the designer names provide the quality products that serve both to reassure and as recognition signals.

Ralph Lauren man, whether he lives in Manhattan, Hong Kong, Sydney or Paris, probably has more in common with others who identify with his brand of old East Coast WASP class than those who prefer say, the more avant-garde creative experimental look of Issey Miyake or the more traditional approach of Dunhill.

The brands that have evolved into "taste clubs" that cross all barriers are the really big designer names who deliver a strong, consistent message. Armani, with his air of almost exaggerated relaxation, loose-fitting, unstructured, comfortable and classy; Ralph Lauren, who does the old world, old money look better than anybody else (for the International Man who likes to imply that he arrived long, long ago); Hugo Boss, younger, more modern, more structured, yet very, very macho; Ermenegildo Zegna, Italian, simple, sophisticated, not too sharp, under-stated, Mercedes-Benz as opposed to Porsche.

All these names do not change their marketing strategy from country to country. Go for instance, into any one of Ermenegildo Zegna's shops, whether London, Paris, New York or Milan and there you will find the same air of cool sophistication, the same elegant interiors, the same high-quality clothes displayed in an identical manner. Stray into Ralph Lauren in any city and there you will find the warm, woody counters, the sofas and flowers, the silver picture frames providing a country house setting for his brand of upper-class Ivy League gear.

■ Ralph Lauren's updated version of the old-moneyed look – a black and white check pure wool suit, £540. Shirts from £65, ties, £40 in silk, braces, £52. From Ralph Lauren at 867 Madison Avenue, New York; Polo Ralph Lauren, 143 New Bond Street, London W1; and Harvey Nichols, Knightsbridge, London SW1.

But the real achievement of the purveyors of these looks is that they have persuaded this modern, international man at last to shop more like a woman. He has learned to WANT instead of just to to NEED. Whereas traditionally it is menswear that suffers first in a recession, this time round the high-quality, fashionable end of the men's market is holding up well.

In New York this year as Christmas approaches all the big retailers are battening down the hatches. At Saks Fifth Avenue something like 700 staff have already gone. At Bloomingdales you can't get served. In middle-range menswear it is as if there had been the turning off of a tap. But all the menswear companies which are being creative at the top end of the business are, if not booming, at least riding the recession.

As Richard Cohen, who runs the American end of the Ermenegilda Zegna operation, puts it: "We're holding our own because of the need for the modern man to create a new wardrobe. He hasn't yet got it all together. American women have been dressing-up for years but now American men are taking to dressing-up and not just opting for yet another navy-blue suit. They have begun to get a taste for quality and in tough times they certainly do not want indifferent clothing – what they want is quality with a certain element of fashion."

The quality is assured by going back to basics and starting with the cloth. Cloth is what Ermenegildo Zegna knows best and what it calls its high performance cloth is one of the finest, lightest pure wool cloths around. A suit made entirely from it weighs only 45 oz. It is almost impossible to crease so that its wearer can travel effortlessly and emerge looking band-box fresh no matter how long a haul the flight. A high-performance suit will set its wearer back £795 in London, $1,600 in the US.

The typical customer has been carefully targeted. Stephen Peters, managing director of Zegna UK (the shop is at 37, New Bond Street, London) sees him as somewhere around 35, a little older than Armani man, looking for something a little more traditional, a little more sophisticated, but somebody sure of himself, not in need of an ego-trip.

The clothes are carefully poised between traditional and modern with the "soft" or casual line offering a more adventurous range than the Sartorial. Zegna, like many another store in the quality business, feels that service is part of the deal the customer is buying. Custom-made suits can be delivered in four weeks flat. Sales staff are trained to help the customer get his wardrobe together so that he doesn't wake up one day and find it out of date.

Though Zegna has long sold to high-quality retailers it is now making a determined move to establish its own shops and the new New York store will be followed by shops in Los Angeles and Chicago.

Though many credit Ralph Lauren and Armani with opening up the menswear market and really getting it noticed, these days there are lots of other names to take note of. Brooks Bros, at 346 Madison Avenue, sad to say, doesn't look the store it was. The $7m refurbishment seems to have disturbed its old, WASP customers and not yet got grabbed the new ones. Paul Stuart next door, which grabbed much of the yuppie business in the '80s by updating and sharpening the New England look, still looks far more flourishing.

Further uptown, right next door to Zegna, Bergdorf Goodman, recognising that quality menswear is a growing market, has opened a new 40,000 sq ft store. (It is rumoured that all those stockbrokers out of a job since the crash are now plying their sales skills in the world of elegance rather than finance – all at salaries of $100,000 plus).

It has moved heavily into the area of service. Telephones, fax, secretaries, a golf pro and a putting green, alterations within five days, a tie-loan programme, spot cleaning, pressing, a theatre and hotel booking service and delivery service are all on offer.

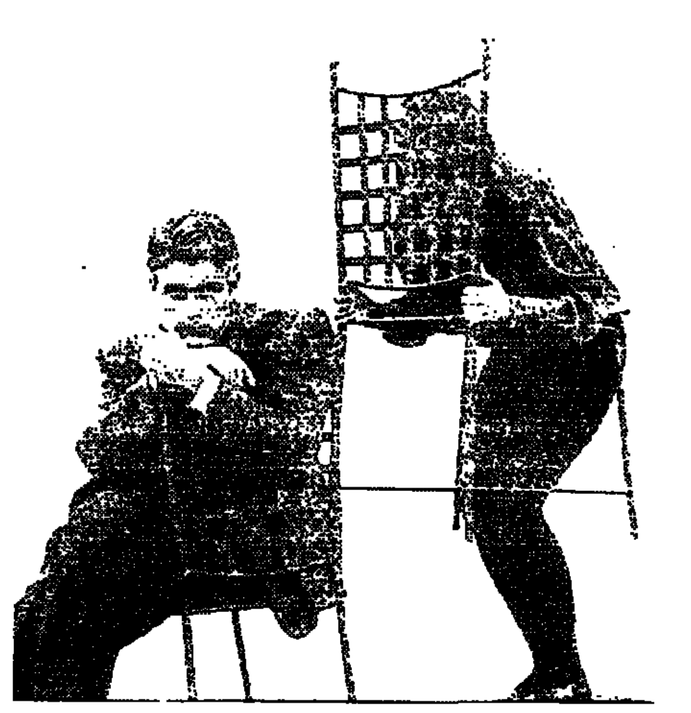
There is none of the cool modernity of Zegna – it is all the country house interior à la Ralph Lauren. Whether you want a Turnbull & Asser shirt, a Paul Smith suit, a Hermés tie or a Ralph Lauren polo shirt, you buy it in a warm and woody interior furnished with flowers and sofas and chairs.

But remember: it is not just the clothes themselves that matter, it's how they're *worn*. Men these days toss a capacious rayon raincoat over a business suit or dress down a blazer by teaming it with Levi 501s and a jersey polo shirt. They wear an unstructured jacket with collarless shirt or a darkly black T-shirt.

All the classic staples of the leisure wardrobe – the parka, the windbreaker, the sweatshirt, the polo-shirt – are being reworked for the '90s. Sometimes it's serious, sometimes it is sheer parody. It never, NEVER is pompous.

It's goodbye to the '80s, to the supremacy of wealth and power which in sartorial terms meant show-off patterns, broad shoulders, braces, formal shirts, all the plumage we saw so accurately displayed on Michael Douglas in *Wall Street*. It's goodbye to Donald Trump-style financial deals, to junk bond wealth.

The '90s, the designers tells us, are going to be all about family values, about feeling and sensitivity. So watch out for longer, looser, unstructured jackets, for easy trousers, soft colours that subtly convey their message. The look is subtle, throwaway, but look more closely and you will see that the clothes that are selling tend to be those where quality is there, too, where the fabrics used are suede, silk, cashmere, and finest, softest wool.



■ Above, Ermenegildo Zegna's younger, more relaxed casual "Soft Line" – 90 per cent wool, 10 per cent cashmere jacket, with a softer, fuller shoulder, deeper armholes, less structured than the formal jackets.
It comes in the full range of earthy terracotta and Sienna colours, as well as navy, khaki, orange, £425.
100 per cent cotton corduroy trousers in the same colours, £115.
Pure cotton shirts, from £85, silk ties from £45.

■ Left, once again from Soft Line – though the kit may look quite safe and classic, the colours make it look fresh and new. Old rose jacket in wool and cashmere, £395, pure cotton trousers, £115.

■ Above right, Armani's loose, uncluttered, relaxed look – all sophisticated comfort.
Shown are brown cotton velvet trousers with boxed pleats in a bevy of colours including greens and browns, £145; navy collarless shirt with a buttoned front, £89. Also available in other colours and patterns.
Wrapped round the middle is a cable knit jumper in pure wool, £125.

All from Emporio Armani, 191 Brompton Road, London SW3 and The Italian Centre, John Street, Glasgow.

Fixing lips

■ EVER SINCE I mentioned that Stephen Glass of Face Facts, 73 Wigmore Street, London W1, recommended "fixing" bright red lipsticks by using *papiers poudrées* we have been inundated with readers wanting to know where to buy them. Find them in Body Shop branches, 80p for a little booklet of about 80 tissues.

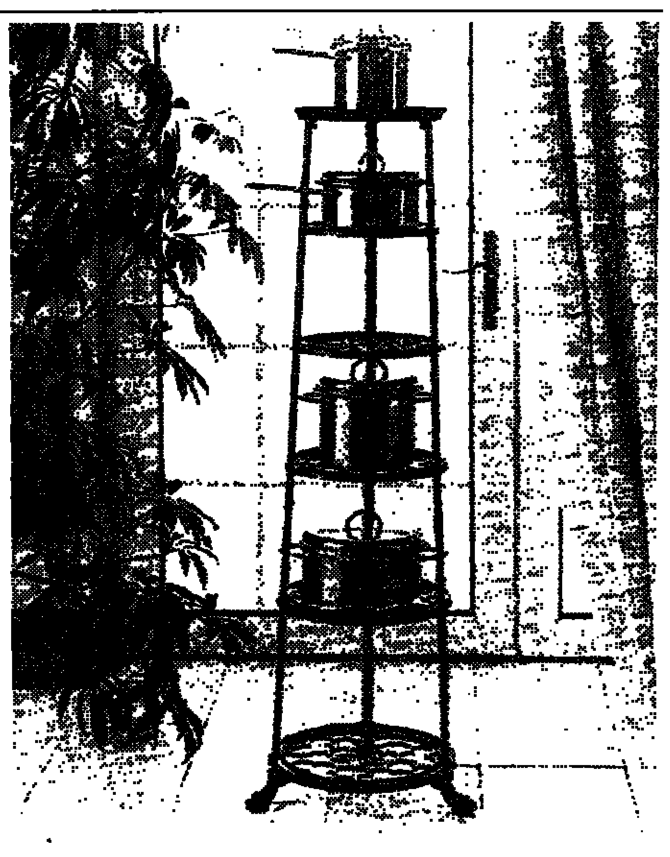
■ Anybody who is generously endowed and in need of a strapless bra for the party season should check out the new version from Fantasie Textiles. Though there are plenty of strapless bras around for those who scarcely need them, there is a dearth of attractive, supportive versions for those who indubitably do.

Fantasie Textiles has ridden to the rescue with a strapless bra designed for the "fuller" figure. In sizes 32 – 38 D, DD and E and 32 – 36 F cups, it is firmly underwired with side boning to boot. It is pretty to look at as well, coming in black and white stretch lace, and when a strapless bra isn't needed the detachable straps can be attached. Available from all major department stores, it sells for £17.

■ There are probably few subjects so divisive in terms of taste as fire-places. Hardest of all to please are those who like the old-fashioned comfort of a fire but whose tastes in interiors run to the contemporary and harder-edged.

The Platonic Fireplace Company has the answer. The company has devised the Platonic Fire, a gas fire that offers what is calls "the primal comfort of a traditional fire without the pretentious mitation of gas logs or coals evident in other decorative fires." Quite.

The Platonic Fire is fine-looking and would fit cleanly into any contemporary interior. The geometric shapes of the "logs" are based on the sphere, tetrahedron and cube – the "Platonic solids", hence the name. The "Geologs" come in a chrome finished grate, with sand, embers and gas connection kit. It sells for £55 (exclusive of VAT) from The Platonic Fireplace Company, Ware House, 79a Blythe Road, London W14 OHP.



■ UNLESS YOU have one of those expensive custom-made kitchens that comes with pull-out this and twirl the other, storing pots and pans is something of a problem. As good saucepans are inherently beautiful things there is something to be said for storing them so you that you can see them in all their glory.

Divertimenti has one solution: a cast-iron pan stand which comes enamelled in black, green, red or blue and is highly decorative in itself. Of course, if your saucepans are already happily housed it would look just as good supporting a fistful of flowering plants, a collection of china or anything else that needs storing.

There are two versions – six tiers as in the photograph, above, which sells for £78.85, and a seven-tier version which sells for £79.97. From Divertimenti of 45/47 Wigmore Street, London W1 and 139/141 Fulham Road, London SW3.

TRAVEL FOCUS – HONG KONG

Pick your own thrill in a capitalist funfair

*There is more to Hong Kong than shopping. **Daniel Green** gives an overview of one of the world's great destinations*

CAPITALIST theme park. Asia's shopping mall. Chinatown to the global city. For the visitor, Hong Kong is an inspiring vision of urban hedonism. Like children at the fun fair, each tourist seeks and finds the thrill of the ride. There is something uplifting about the enclosing mountains, something cosy about the warm humid climate, something animating about the slick efficiency with which 6m people run their neon machine.

For those born to shop, time passes quickly. Their days are filled with Krizia, Cerruti, Freis and Kenzo; Breitling, Omega, Weil and Rado. It is a crash course in the vocabulary of branding. You may not want to learn, but you will. Playing truant is not easy, for each door leads to another classroom.

Hong Kong is a narrow and superficial place that caters marvellously to primitive pleasures. Fun is there for the having, but after a week you can feel like an extra in a soap opera.

Hong Kong looks unreal because it is unreal. Some talented set designers have been working on a mountainous coastline at the wrong end of a dying empire. It is an extraordinary achievement and worth a few days of anyone's life to visit.

A century and a half ago, what is now the Territory (no-one calls it a colony) of Hong Kong was a scrubby shore and several hundred rocky islands at the mouth of the Pearl River. The area was one of the last parts of the Chinese empire to be settled; 150 years ago, a few peasant families scraped a living from fishing and subsistence farming. Their descendants are property billionaires and their houses are on the tourist authority's Heritage Tour.

There are also tourism tycoons, which is not surprising: more than 5m people visit Hong Kong each year. Most visitors are from the Far East, men outnumber women three to two, most are in the "senior white collar" bracket and only one-third are on a package.

They do not come for heritage tours. More than half their spending money goes to shopkeepers. It is a shame, really, because although almost no building is old, it is not difficult to find an older way of life. Few tourists bother to step off Nathan Road, the main shopping street on the Kowloon peninsula. Within a few yards, though, English vanishes from shop windows because there is no-one to read it. The local restaurants have no walls: their roofs are held up by bamboo pillars. Diners in dungarees pluck their chopsticks from a communal tin filled with water in the centre of the table.

Such sights are not even conceived of by visitors, perhaps because the retail industry has developed to a fine art the practice of attracting your attention. Try walking through Causeway Bay and *not* look at the merchandise.

The chaps at the tourist association face an uphill struggle trying to get you to do much other than shop. But they try, for example, to persuade you to visit the New Territories, that tract of land between Kowloon and the Chinese border a few miles to the north of your hotel.

The good news is that you are likely to see Hakka people, from one of the original tribes of the area. The women are easiest to recognise, with their fringed broad-brimmed black hats. The bad news is that much of the New Territories is strewn with used car dumps, abattoirs and barbed wire camps for Vietnamese boat people. The mess that keeps the city functioning is put out there.

It is not all like that. The gorgeous Sai Kung peninsula in the east is serious and spectacular walking country. The more leisurely can rent a junk to take them to isolated beaches, perhaps at the foot of the striking and aptly named Sharp Peak. Wild country is Hong Kong's undiscovered treasure.

In China, people are desperate to practice their English, or swap postage stamps, or learn about your family and way of life. In Hong Kong they just want to sell you something. At least there is a chance of things being different in the countryside.

From the 3,000 ft peak of the highest mountain in the territory, Tai Mo Shan, the misty humps of an archipelago fill your field of vision. Regular ferries link those islands. A few thousand people live out there. There is not much shopping to be had but the food is good, the roads empty, people look you in the eye – and may even smile.

■ *Daniel Green travelled c/o Cathay Pacific and stayed at the Conrad and New World Harbour View hotels.*

Life, death and birdsong: just another Sunday

*Hong Kong resident **Angus Foster** on being a stranger in a strange land*

SUNDAY afternoons are the worst. The clack, clack, clack of wooden tiles being slammed down on formica tables, then shuffled furiously, the sound rising in volume until it seems as if you are living in a cicada colony. The residents of Hing Hon Road in Sai Ying Pun, Hong Kong, are settling down to their weekly orgy of mahjong.

When I first moved into this flat the noise was deafening. Nine months later I am getting used to it, in much the same way, I suspect, as the local shopkeepers and inhabitants are getting used to my white face in what is still a very Chinese part of Hong Kong.

Sai Ying Pun is a small residential district on the western tip of Hong Kong island, of little interest to tourists or businessmen and far removed from the hustle of the shopping arcades of Central or Tsim Tsa Tsui. It has a mixture of old colonial-style houses with graceful though crumbling facades, and newer, much taller buildings.

My flat is on the fourth floor of a 20-storey apartment block. This being high-rise Hong Kong, where personal space is a reward only for the rich, I can see into the flats, and lives, of at least 12 Chinese families living 20 yards away across the road. They, too, can look in on me, although they now seem bored with their new *gweilo*, or westerner.

The area is home for middle-class Chinese, perhaps working in banks or for the government, and manual labourers, often content with taking jobs as and when they are offered. Most of the shopkeepers own and live in their shops, selling curtains, building supplies, joss sticks, freshly-rolled noodles – anything.

In some ways it is still a traditional Chinese community with second-, sometimes third-generation residents passing on their homes and businesses to their children – if they have not emigrated.

In spite of Hong Kong's image as a 24-hour city, Sai Ying Pun slumbers peacefully at night. By 6.30am the local market is opening and housewives jostle to buy fresh vegetables and milk for breakfast. Older people head for the "park," less than one acre in size, where they go through their morning exercises or practise *taijiquan*, a form of Chinese martial art. Workers queue for the endless stream of public buses and minibuses which head for the commercial and industrial centres of Hong Kong.

Children start school early and only housewives are left behind to go through the daily chores of washing, shopping and preparing for the evening meal, which is nearly always attended by the whole family. The routine is only broken by occasional hawkers peddling their wares. One, a wizened man with a high-pitched squeal of a voice, sells long bamboo poles which are suspended outside each flat window. The poles act as a mini washing line, transforming the road into a Chinese laundry each afternoon.

Cantonese culture remains strongly visible. On festivals and holidays women burn paper, symbolising money, on the street. The offerings are intended for ancestors and are accompanied by oranges, because the Chinese word for oranges sounds similar to the word for good fortune.

No-one seems much bothered by the risks of lighting fires in the cramped streets, or by the swirls of ash and smouldering paper which threaten to land on every passer-by. After all, ancestors must never be slighted.

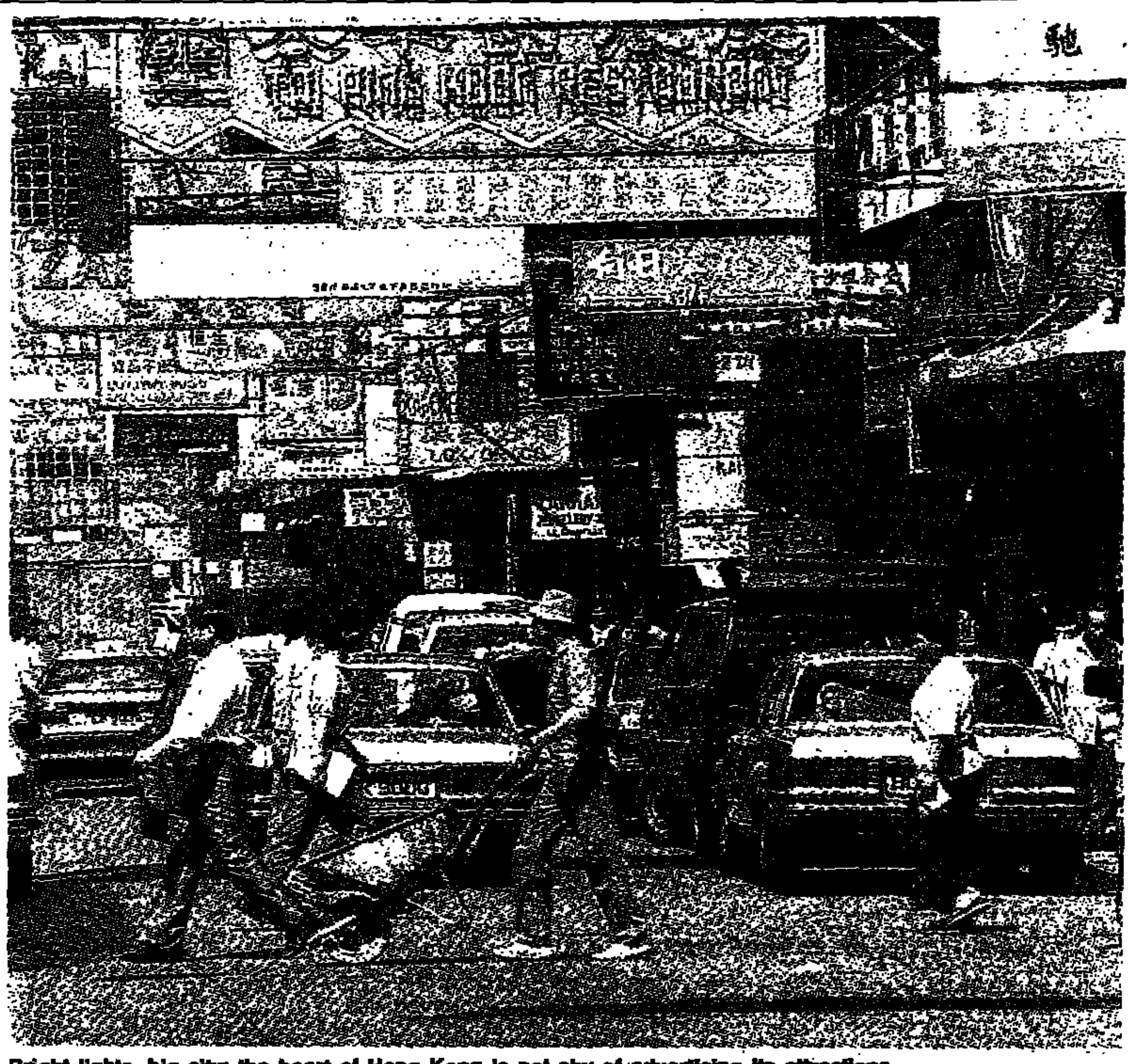
Chinese and Westerners keep to themselves. We exchange greetings in the lifts and chat about the weather in much the same way as neighbours in other countries. My few insights into local gossip come from Mr Ma, who visits for tea and a chat some mornings.

Recently there was great excitement. Mr Ma's friend, Mr Cheng, like many older Chinese men, likes birds. He has several brightly coloured birds, which are proudly displayed each morning from his window in beautifully woven bamboo cages. But Mr Cheng's girlfriend complained he was spending more time with his birds than visiting her. Did he love the birds more than her, she asked. In a huff, she threw one of the birds, complete with cage, to its death six floors below.

According to Mr Ma, Mr Cheng very nearly inflicted the same fate on his girlfriend, but only gave her a beating. It seems she was right about Mr Cheng's affections. He has bought a new bird and stopped seeing the girl.

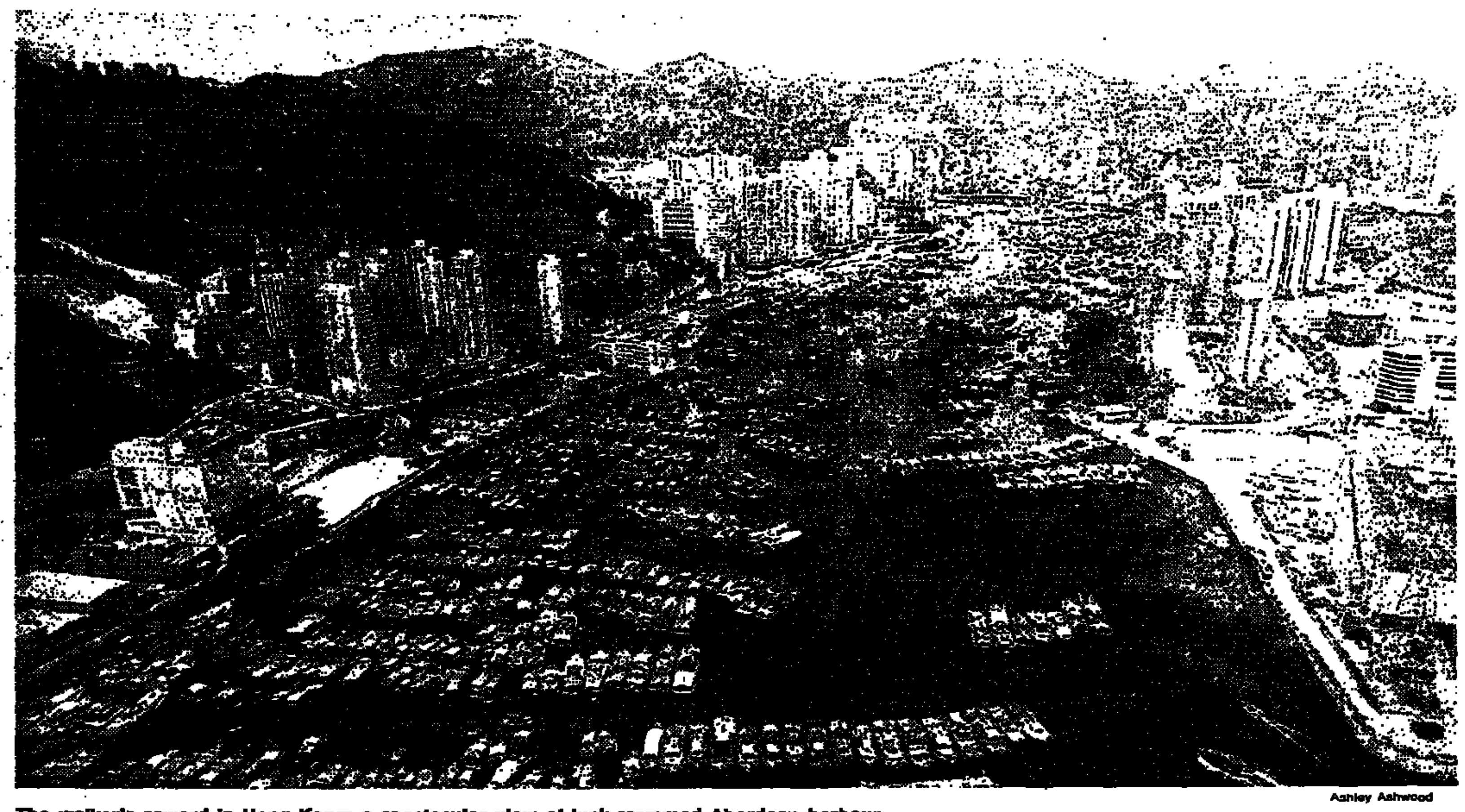
There is not much night life in Sai Ying Pun. The few restaurants nearby cater for labourers at lunch time and young couples and celebrating families in the evening. A take-away noodle shop does brisk business on Wednesday nights, as punters return from the betting shop where they have either won, or more likely lost, on the twice-weekly horse racing.

Otherwise, families are back home by 7pm for the evening meal, followed by TV and early bed. The general calm is occasionally broken by a practising pianist, a passing police siren or the hum of a taxi bringing people home late from the buzzier parts of Hong Kong.



Bright lights, big city: the heart of Hong Kong is not shy of advertising its attractions

TRAVEL FOCUS – HONG KONG



The walker's reward in Hong Kong: a spectacular view of junk-crammed Aberdeen harbour

Ashley Ashwood

Been there, done that

***Daniel Green** gets away from the city and into the jungle*

I HAD visited Hong Kong twice before. I had shopped and shopped and eaten and ridden up The Peak on the tram, walked along Nathan Road, been to Aberdeen and Stanley and even chugged to Lamma Island on a junk. I had seen it, done it, and bought the T-shirt.

But what do the locals do on a day off? How do they get away from Hong Kong's designer monotony?

Answer: they go for country walks. This is not a joke. Hong Kong has prepared trails through scenery that would be called a national park in the US. The landscape is so mountainous that where the city stops, the jungle starts.

From Lion Rock, behind Kowloon, you can see the whole territory. Below you, Boeings bank for their final descent into the strip of land reclaimed from the sea called Kai Tak Airport. Beyond, the channel of Victoria Harbour is cross-hatched with junks, ferries and bulk carriers. They sail past Causeway Bay and Central District towards the camel humps of Lantau Island's twin peaks.

On the other side your gaze drops down to the boom town of Shatin, with its wide avenues and race course. Beyond is Deep Water Bay and then China. To the left the huge bulk of Tai Mo Shan, the territory's highest mountain at 3,100 ft, blocks the view, while to the right the spine of the Sai Kung peninsula points like an arrow towards Taiwan.

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I start my wanderings in Central District, a few minutes from the Hilton Hotel. The Peak Tram arrives at an observation platform crammed, as usual, with five-minute trippers. They are ignorant of the short trail around Victoria Peak that starts a few yards away because nobody tells them it is there. They are missing both a stroll flat enough for the seriously unfit and a grand circle tour around one of the world's great shows of living sculpture.

Follow the signs and within moments the city's jackhammers and jets subside to a grey aural backdrop. Birdsong breaks through like the sun. Pencil-thin tower blocks come into view at the far end of Hong Kong island, stacked up behind each other as if in an auditorium. The mean and moody Bank of China building, the tallest in Asia and the architectural equivalent of a switchblade-wielding street tough, takes centre stage.

Half way around the three-mile walk, the official Hong Kong Trail drops away to the right. I tighten my laces, check my water supply and head into the country. The air is cool and still. A forest of rhododendron swishes down to the sea. A mile from the oriental equivalent of Bond Street or Fifth Avenue, there is a cat on the path. Tall and thin, it could be a stray Siamese except for the spots. A local naturalist later told me it was a leopard cat, and a rare sight so close to the city.

Ten minutes later the shrubbery becomes a low wood. A sandy path winds its way around the hillside. It could be London's Barnes Common on a Sunday afternoon. Suddenly there is a snake next to me. It is fat, brown, about 5 ft long and upset. I step back in alarm while it tries, without much success, to scramble up a spindly tree-trunk. Breathing quickly, I plunge onwards, down steps cut in a ravine, past a water conduit where turtles flap gently in shallow pools. There are several places for the sore-footed to join a road and catch a bus or taxi, but I press on to the end of the five-hour route. The reward is a spectacular circuit above the junk-crammed harbour and terraced cemeteries of Aberdeen.

■ ■ ■

For a real adventure, I catch a ferry for the one-hour journey to the largest and highest of the territory's islands, Lantau. The boat pulls in to Silvermine Bay where it connects with half-a-dozen air-conditioned buses to the handful of settlements on the island. Lantau is twice the size of Hong Kong island but is home to just 15,000 people. The roads are empty – only buses and the occasional crazy European crouched over the handlebars of a racing bicycle disturb the peace.

I go to Ngong Ping, a Buddhist temple complex on an elevated saddle between the cloud-draped Lantau peak at 3,000 ft and a 110 ft gilded statue of Buddha on its own smaller hillock. It is a popular weekend spot for Hong Kong families, their clicking Canons and unusual pastimes.

In the temple grounds is a concrete box about 5 ft square. It contains a miniature rock garden with about 10 tortoises of various sizes. Covering the box is a metal grille through which, for some reason, visitors drop coins on to the heads of the tortoises. They usually hit, and these permanently nervous creatures stride across their damp mat of metal discs diving into their shells at any approaching shadow.

I walk down the mountain towards the houses-on-stilts village of Tai O. It is wild woodland, with views beyond Hong Kong's waters, across the mouth of the Pearl River to where Macao lies hidden in the mist.

Only the turquoise and primrose of monastery roofs breaks the textured canopy of the woods. Outside the monastery walls are scented market gardens with papaya, banana and breadfruit the size of bowling balls. Bandy-legged old women stand raking and weeding. They greet me with black-toothed smiles beneath their grey tufty hair. "Tai O?" I ask. "Down down," they shout, laughing and pointing along a path that snakes into a think outcrop of bamboo.

Once again, the trail is deserted. The steps look new but the path is so overgrown in places that is is hard to see anything but the hilltops around. I feel like a Victorian adventurer in old Cathay. Sometimes I have the luxury of steps, sometimes just earth; much of it is covered in slippery moss. Few people pass this way: I have to duck under spiders' webs spun across the track.

At the bottom, Tai O is bigger and dirtier that I had imagined. The star attraction is a rope ferry. A surly crone, elbow deep in piles of small change, levers herself upright to haul on the rope that spans a creek from the bus stop to the bank. The fare is 30 cents (2p).

■ ■ ■

The ultimate walk is the MacLehose Trail, east-west across the New Territories mountain ridge. It is 100 kilometres long and divided into ten sections on walking maps. Every year there is a race along it, usually won by the Gurkhas in not much more than 12 hours. I'll try that next time.

■ ■ ■

On my last day, I go on an official guided trip. The minibus is filled with women. I sit next to a glamorous Texan MBA who has given up a successful business career to become the wife of a banker. "We're all wives," she says, indicating the other passengers.

Hong Kong is not her kind of place. "I've been here three days and seen everything. I told my husband I'm not coming back."

"Come on," I say, "There's lots to do. Have you tried the trails on Lantau, climbed Lion Rock, seen the wildlife . . ."

Soft lighting, hard selling

IF THERE is a symbol of Hong Kong's excesses, where status and money meld perfectly, it is in the brash architectural lines of "The Landmark," one of Hong Kong's glitziest shopping arcades.

Indeed, if things go wrong after 1997, the Landmark should be consecrated as a temple to consumer fetishism. Every major western luxury brand name is represented, renting some of the most expensive real estate in the world. Need a diamond studded watch, a Russian fur coat (no sensitivities about animal rights here), or a complete set of Gucci leather accessories? No problem, come to the Landmark.

When I arrived in Hong Kong I was amazed at the range and number of these "internationally acclaimed" brand names. Being a bachelor, and a poor one at that, I had been cossetted from this world which seems to drive well-heeled women wild. I sometimes wonder if I, too, could start up a famous "house." I would only need a Paris phone directory and a long-legged Asian model.

Despite the hype and the prices, shops like these do good business, pulling in wealthy Asians for whom Hong Kong still offers the best shopping in the region. No doubt American and European tourists help, although I suspect many get muddled by the exchange rate and think they are getting a bargain.

Such up-market shops are a relatively recent addition to Hong Kong's arcades. The colony is still better known for being a good place to buy cheap electronics, material and clothes. That reputation remains intact, although Hong Kong's claim to be the best place in Asia for fakes has been usurped by Thailand especially.

Most visitors to Hong Kong, either bored or intimidated by the soft lighting and hard selling of the shopping arcades, head for the markets. The most popular are on the side streets of Central, behind the tourist hotels in Tsim Tsa Tsui and at Stanley, a smallish ex-fishing village on the south of Hong Kong island.

The lure of the markets, both the day and night-time versions, is the variety of goods on offer and the chance of hand-to-calculator combat with the sales assistants. Shoppers can wade through mounds of silk and test out sunglasses and handbags to their heart's content. Hawkers sell a colourful mix of silk scarves, ties and the usual electronic gadgets. This year's favourite is a singing Father Christmas watch.

Do not forget the cheongsam. These are traditional Chinese women's dresses which elicit a kind of suspension of disbelief among visiting husbands as their wives eagerly try on the brightly embroidered pieces. They may look fetching on a Hong Kong back street, but you know they will look ridiculous back in Putney.

Stanley, unfortunately, has been wrecked by its own success. What used to be a fairly impromptu collection of stalls and shops selling cheap clothes, shoes and mass-produced Chinese "antiques" is now a swish marketing operation. Coach-loads of tourists arrive each day. The latest shop to open sells personal computers – hardly what your average Chinese fisherman needs. Or maybe he does, to keep track of all the profits tourism is bringing.

Unless you are a convicted shopaholic, possibly the best fun can be had wandering the back streets of Western, Wanchai or Mongkok, away from the tourist pleasure domes. Food markets are especially absorbing, although western sensitivities have robbed them of some of their traditional charm. For example, you will no longer see skinned dog on sale in Hong Kong, as you still do across the border in China.

Sadly, Hong Kong is not a shopping paradise in every department. European friends complain they can never find adequately supportive bras. Unfortunately for them, the Asian female is more modest in this regard. Still, I understand the situation has improved slightly since Marks & Spencer came to town.

Angus Foster

A foodie's paradise

"WE'VE TRIED Korean and Japanese, and tonight we're having Sri Lankan," the middle-aged tourist explained. Then he burped. Judging by his shirt, which clung tightly to his ample frame, he had enjoyed his meals.

Food is one of the things Hong Kong does best. Certainly the variety, and perhaps the quality, of cooking is the highest in Asia. As well as at least a dozen styles of Chinese food the colony is also the best place to enjoy a crash course in Asian cuisine. Indonesian, Thai and even Vietnamese are just some of the options our tourist had not tested. Anyone spending just a few days in Hong Kong quickly loses the notion that all Asian food tastes the same.

Eating, and eating out, has always been more important in Chinese culture than in most western countries. Hong Kong has also long been home to a transient population of immigrants, expatriates or travellers unable or unwilling to eat at home.

Since the 1970s, rising prosperity has made it easy for many Hong Kong residents to eat out several times a week. The result is a keenly competitive food trade. This competition, pronounced at the top end of the market, has generally kept standards high.

Hong Kong claims it cooks the best Chinese food in the world, although such statements are always subjective and cannot really be checked. Yet unsuccessful restaurants quickly fold and entrepreneurs are always looking for new themes. Hardly had the Berlin Wall tumbled before the colony was graced with a new eastern European restaurant, offering a range of Balkan and Germanic dishes.

In spite of the variety on offer, most visitors do not have the time to explore much beyond the popular Chinese restaurants of Central and Causeway Bay. Not that there is a great need: the food in these places is always good and the menus sufficiently varied to keep most diners interested.

Chinese emigrants to the West have tended to come from southern China, especially Guangdong province, and taken with them their Cantonese cooking, with its wide variety of fish and vegetable dishes. It is only fairly recently that other styles, like the spicier Hunanese or Sichuan, have reached European capitals.

In Hong Kong the options are much wider. They include the clean, fresh tastes of Hainan Island; the more cosmopolitan Shanghainese, which again emphasises fish; the drier cooking methods of the north, complete with favourites such as Peking duck, and Chiu Chow, similar to Cantonese.

One of the great eating experiences is a Chinese banquet, to which western business partners and friends are often invited. A seemingly unending stream of dishes is delivered to the table, with much toasting in between.

The host wins or loses face depending on the dishes ordered and the enjoyment of his guests. It is extremely difficult to maintain appearances when, already weighed down by enough food for 10 and a week's supply of XO brandy, the foreigner is suddenly faced with the final speciality, suckling pig or perhaps fresh water crab. Somehow, a sense of duty prevails.

A.F.

TRAVEL FOCUS – HONG KONG

A high-roller's heaven

Nicholas Woodsworth rolls the dice in gambling-mad Macao

HONG KONG can at times seem a city obsessed. New York, London and Tokyo may all have a reputation for hard-nosed dealing, but walk through the financial district of Central on Hong Kong Island and you immediately get the feeling that this is a place that is *serious*. In Hong Kong, human drama is surpassed only by the drama of numbers.

When street crowds gather outside Central's Hong Kong and Shanghai Bank with eyes riveted upwards, it is not to view some window-ledge ordeal unfolding above. Instead, they are breathlessly watching the changing figures on the electronic Hang Seng index display. When the man in the grey suit next to you in the Mandarin Grill barks into his cellular telephone, blanches and hurries off, leaving sautéed crab claws behind, it is not because his wife is having a baby – his finely-calculated bid on a vital stock option has just fallen through. In Hong Kong, playing the odds and winning is more than just business; it is the principal matter of life itself.

Hong Kong's obsession with working the numbers is at no time more obvious than when work is over and leisure begins. When the weekend comes round and grey suits give way to Ralph Lauren shirts and Gucci loafers, Hong Kong's wealthy Chinese head for their favourite playground 50 minutes away across the mouth of the Pearl River.

The fortunes of Macao as a trading centre may have dwindled as those of Hong Kong rose, but over 100 years ago this tiny Portuguese territory tumbled to a far easier way of making money – licenced gambling. Today, the powerful jetfoils that make the Hong Kong-Macao crossing every half-hour bring with them enough casino-mad Hong Kong Chinese to provide Macao's government with more than a third of its total revenue.

Not even the draconian methods of Mao Tse Tung, the once great helmsman of the People's Republic next door, were enough to stamp out the Chinese passion for gambling. And in Hong Kong, games of chance, like firecrackers, are illegal – both are regarded as dangerous. Thus when Hong Kong Chinese families go to Macao for a weekend break, they abandon themselves wholly to their passions.

As in work, so in play. Gamblers in Macao take their games with deadly seriousness. Whether it is blackjack, roulette, baccarat or the Chinese games of fan tan, dai siu or keno, the crowds that press four and five deep round the tables at the Hotel Lisboa and a dozen other smokey casinos have eyes only for the game. So intent are they that they rarely bother with ashtrays. There are more cigarette burns on the carpets in Macao casinos than there are watches in the pawn shops clustered in the streets around them.

In fact, Macao's passion for numbers spills well beyond the casinos' doors. There is a race-track, a "canidrome" full of panting whippets and a jai alai palace, venue of the world's fastest ball game. All are happy to take your money on odds long or short. So are the vendors of lottery tickets outside Chinese temples, where heaven-sent prayers and a fistfull of burning joss sticks may turn chance in your favour.

Macao's own citizens, even its poorest, have also fallen under the spell. In the shade of the trees that line Praia Grande Bay, old men with wispy beards spend hot afternoons playing Chinese checkers. In the early evening you can hear the sound of majong games, a clacking shuffle that emanates from the first floor windows of private houses in countless back streets and alleys. And in the steamy heat of midnight in the Macao summer, pedicab drivers while away sleepless hours over cards, using the seats of their three-wheeled vehicles as playing tables. Day or night in Macao, the wheels of chance rarely stop turning.

Happily, though, the colony is much more than an oversize gambling den. A daily influx of Hong Kong Chinese may bring with it the whiff of a racier, more competitive life, but 450 years of Portuguese influence are not easily dispelled.

There hangs about Macao a delightful air of Latin lassitude, a sub-tropical torpor that fits perfectly with the colony's gracefully crumbling villas, straggly outdoor garden cafés and delapidated public monuments. Here is a city, one feels, that is not overly worried with getting things done today. It is Hong Kong 40 years ago, Hong Kong with a heart, and after the unrelenting drive of its sister colony it comes as something of a relief.

Macao is a tiny territory made up of three elements – a narrow peninsula joining the Chinese mainland, and two small islands linked to the peninsula by bridges. Some 98 per cent of the colony's 500,000 people are crowded on to 5 sq km but, somehow, its jumbled confusion is a happy one.

Gamblers anonymous: Macao's casinos are often full to bursting

Although the Portuguese governor's residence is the only colonial building regularly to receive a bright coat of paint, the old city's faded pastel shades of yellow, pink and blue do much to relieve feelings of congestion. A far cry from the grey functionality of Hong Kong, there are also Latin-style city squares with fountains and ornate 17th century baroque churches.

There are only about 15,000 Portuguese and Portuguese-Eurasians in Macao, but the colonial influence is felt everywhere. On the Avenida de Almeida Ribeiro you can visit the Leal Senado, the "Loyal Senate," the colony's municipal affairs building and one of its best preserved examples of colonial architecture. Here in the library, above a blue-tiled entrance hall, are treasures from the days when Macao acted as a trading link between China, India and Japan.

There are 16th century handwritten manuscripts by Jesuit priests, the first Europeans to penetrate China since Marco Polo; early maps of China, even a collection of English books with titles such as *Indiscreet Letters from Peking* and *How England Saved China*.

But popular Portuguese culture, too, forms part of the fabric of today's Macao. While the most comfortable stay in Macao is to be had in the Mandarin Oriental, you might also stay in the Pousada de Sao Tiago, a traditional Portuguese inn of cool, red-tiled floors.

Here, as in many establishments in Macao, the culinary accent is strongly Portuguese. On an airy, shaded terrace overlooking the mouth of the Pearl River you can sample the dried cod dish *bacalao*, spicy chicken derived from Portugal's African colonies, or superb prawns washed down with cold *vinho verde*.

The colony is also a deep repository of Chinese tradition. Once off the main streets you might find yourself lost in a world that disappeared decades ago in China itself. In an evening's wandering about you can watch ancestor worship in a Buddhist temple, view a martial arts competition where swords, spears and pikes whistle perilously through the air, or visit a restaurant that offers stewed bear's paws and snake's gall wine.

Macao is not destined to remain a colony for much longer. In 1999, two years after Hong Kong does so, it will revert to the Chinese state as a special administrative region. Will hydrofoils bearing fanatical Chinese gamblers continue to roar across the waves to Macao? Nobody knows. How will China cope with this oddest of colonies, with its ancient Chinese tradition, four centuries of Portuguese colonialism and the greatest concentration of casinos east of Monte Carlo? Nobody knows.

■ Nicholas Woodsworth flew to Hong Kong with Cathay Pacific (Tel: 071-930-7878), which offers non-stop flights from London to Hong Kong. In Macao, he stayed at the Mandarin Oriental Hotel (tel: 567-588, telex 88588).

TRAVELLER'S GUIDE

IT IS easy to be a tourist in Hong Kong. The hotels are among the best in the world, the taxis blissfully cheap, the streets safe to walk alone at night and the tap water drinkable. But it is a long way from anywhere. Count on five hours flying time from Tokyo, 13 from Europe or Australia, and 15 to 20 from the US.

Most people minimise the risk of disappointment. They plan only a short visit – three or four days is typical – while touring the Far East. Hong Kong is a favourite last port of call where you can test your credit card to its limit.

For that kind of trip you must organise yourself. Get measured for your suits on your first morning. Tailors usually want three days to make a suit and you should go back for up to three fittings. Depending on materials, the tailor's name and location, prepare to pay £200-plus for a good suit. Shoes (£50) and shirts (£15) take only 24 hours.

A couple of years ago, traditional bargains such as cameras and hi-fi were not really a good deal. Once import taxes were paid the savings were small. But the value of the Hong Kong dollar, which is tied to that of the US, has fallen steadily since. You can now save about one-third on UK list prices.

I shopped around for a portable compact disc player (Sony D99). The prices ranged from HK$1,350 to HK$2,000. I paid HK$1,750 to include real guarantees, dealer's stamps and peace of mind. With import taxes, the total price was around £140, compared with about £200 in London.

There is also good value in hotels. This was once the expensive part of a Hong Kong stay, but the territory now has too many rooms. The building boom of the last two years coincided with world economic downturn and the violence of Tiananmen Square. Tourists have stayed away and occupancy rates are less than 10 per cent in some hotels. This is good news for you. There is a lid on prices and you may be able to organise a discount at the newer hotels.

A big fuss is made over whether it is better to stay on the Island side, which is more cosmopolitan and diverse, or the Kowloon side, which is more Chinese and, in the best hotels, gets the classic skyline view across the water. They are five minutes apart by the excellent Mass Transit Railway (MTR) so do not lose sleep over the decision.

Either way, you are looking at £100 to £150 a night for a standard double at the top of the range. At the other end of the scale is the YMCA – complete with pool and Jacuzzi and well-located on the Kowloon peninsula. The price is £15 to £20 a night.

The penalty you pay for the hotel room boom is a shortage of experienced staff. The problem is recognised locally, but that does not help if restaurant staff are nervous or the fruit bowl in your room slowly turns to mould.

Hotels are also where you find the less lurid night spots. The trendiest places to watch the chuppies (Chinese yuppies) change every few weeks – right now it is JJ's in the Grand Hyatt, but by the time you get there, who knows?

Rail transport – old-fashioned trams included – is a liberating force. The rail network is a circle with four prongs on it. Buy a stored value ticket in any MTR station and go outside the main business areas where the lines run above ground.

Take the suburban KCR (Kowloon-Canton Railway) north towards the border. It dives into a tunnel under the territory's highest massif and bursts into an open suburbia of wide streets, squeaky clean high-rises and even a race course. Beyond the boom town of Shatin a fat pipeline bringing fresh water from the People's Republic runs along the left side of the railway track. On the right is the wilderness of the Sai Kung Peninsula and Clear Water Bay.

That five-minute subway trip from one side of the harbour should only be the start of your exploration by public transport. The Star Ferry chugs across in a leisurely 10 minutes, but the jetties may not be as convenient as MTR stations.

Taxis are what they should be: cheap and there. But think twice before you use them to cross the harbour. The tunnel cannot cope with demand and you should take a good book in rush hours.

Urban Hong Kong is a small place. The real treasures in the territory are the 235 outlying islands. There you can play golf, scuba dive, swim on clean beaches, go for walks of all kinds, visit Buddhist monasteries and even find locals who are surprised to see a foreigner. It is adventure without danger, and available by regular ferry.

There is no shortage of guidebooks, but two stand out. The *Gault-Millau* guide (Prentice-Hall) is admirably acerbic. It concentrates on food, with brief essays on everything from the Hilton Grill to Nineteen 97. (The latter has been superseded as an expat hangout called Post Nineteen 97.). It is written in American-English.

The other is *Another Hong Kong*, which contrives to be both awful and essential. It tries to be both a guidebook and a collection of travel stories and is not good at either. Its 300 pages tell how to get away from the tourist traps and into bird watching and oyster villages.

The Hong Kong Tourist Authority runs a few short tours and can tell you how to go bird watching, mountain biking, fishing, golfing and other western-style recreations.

CHECKLIST

Electricity: 220V

Time: GMT +8

Visas: Not needed for UK, US, Commonwealth and EC citizens

Climate: Winter: temperate and clear with showers; spring and summer: cloudy and humid with rainstorms; autumn: warm and clear

■ Information: Visit the Hong Kong Tourist Authority outlets at the airport or Star Ferry Terminal on the Island side. The newly published self-guided walking tours are excellent.

For the more adventurous, ordnance survey-style maps and books from the Government Publications office in Swire House in Central district are the best.

Daniel Green

هكذا من الاصل

MOTORING

Short cuts through the factory jargon

Stuart Marshall supplies the answers to some common motoring questions

THE TROUBLE with motoring writers is that after a time they can't see the wood for the trees. They get into the habit of using jargon that may be useful shorthand to them but is unintelligible to many readers.

I try not to offend but I must be guilty at times. So, in an effort to make amends, here – in no particular order – are the answers you have been dying to know to a few of the questions about motor cars you have never dared ask.

This time, I will deal with some about the brakes and transmissions. If I have missed out your own pet question, let me know.

What are ABS brakes?

The initials stand for anti-blocking system – but forget this. All you need to know is that a car with ABS brakes is much safer to drive on slippery roads because in an emergency, you can brake as hard as you like without losing steering control. How do they work?

When a wheel is locked and sliding along the road, the tyre has no sideways grip. So the wheel must be prevented from locking. ABS does this by sensing when it is about to stop revolving, releasing the brake momentarily and then putting it on again. This will happen many times a second if need be. As the wheel never locks, the tyre retains its sideways grip and you can still steer the car, even though you are pressing the brake pedal as hard as you can.

Can I have them on my car?

It depends what kind of car you buy. ABS brakes are now standard equipment on most executive class cars and widely available at extra cost on cheaper ones – even on the latest Ford Escorts.

I have read about automatic traction control; what is it?

Automatic traction control (ATC) is like an ABS braking system in mirror image and uses similar electronic sensors. But in this case they detect when the wheel is spinning, not locking up.

If you make the drive wheels of a car spin by accelerating too hard – this is easily done on wet roads and almost impossible to avoid on icy ones – once again the tyres will lose their sideways grip.

If the car has front wheel drive, you can't steer it properly – the spinning and therefore gripless front tyres will let it plough straight on. With spinning rear wheels, you can still steer the car but the back end drifts out sideways.

So does ATC stop drive wheels from spinning?

Exactly. To make the tyre grip again, ATC reduces the engine's power or applies the brake until the wheel stops spinning. At the moment, you can only have ATC on cars like certain BMW, Mercedes-Benz, Saab and Volvo models but – just like ABS brakes – it will spread down to cheaper cars.

Does ATS make winter driving easier?

It works like magic. When moving away from a standstill, even if you put your right foot hard down, it feeds just enough power to the drive wheels to match tyre grip, which on wet or black ice may be next to nothing.

As the drive wheels can't spin, you won't lose control on corners, always providing you drive at sensible speeds. In fact, ATC has many of the benefits of four-wheel drive (4WD) without its cost, extra weight and higher fuel consumption.

I'm glad you mentioned four-wheel drive. Why have it on road cars?

The whole point of four-wheel drive is that it puts the engine's power on to the road surface through four tyre footprints, not two. Remember that a tyre only has so much grip. The more of it you take to drive the car, the less there is to steer it or keep it on the right path when cornering.

At its simplest, 4WD splits the engine's power equally between front and rear wheels. The tyres have to work only half as hard to propel the car as they would if it had front or rear wheel drive.

What does this mean to drivers of 4WD cars?

A number of things. First, they can use a powerful car's acceleration to overtake quickly and safely on slippery roads without risking misbehaviour through wheelspin. The car will feel very stable at speed on a motorway or when cornering on curvy country roads, especially in the wet. Tyre wear will be reduced. And in winter, it will keep going on roads deep in snow or climb icy hills that would defeat normal cars.

Can a 4WD car be driven on snow as fast as it could on dry roads?

Certainly not. The whole purpose of having four wheel drive and, for that matter, ABS brakes or automatic traction control (ATC) is to make motoring safer, not quicker. They can only allow a driver to make the best use of what tyre grip there is.

If there isn't any, they can't help. In zero grip conditions, you find that four times nothing is the same as twice nothing. Fools in 4WDs have their accidents at higher speeds.

My Audi quattro has full-time four-wheel drive but my neighbour's Fiat Panda 4x4's system is selectable. What is the difference?

Quite a lot; I will try to explain. When a car goes round a corner, the wheels on the outside have to travel further than those on the inside. So the transmission incorporates a differential gear to let the drive wheels revolve at different speeds when cornering.

With 4WD, you obviously need differential gears on the front and back axles. But because the front wheels will travel further on a bend than the rear wheels, you also need a third differential in a car that is permanently four wheel driven and used on hard surfaces. If you didn't have one, the wheels would have to slip to accommodate the difference. That would lead to heavy tyre wear and put a strain on the transmission.

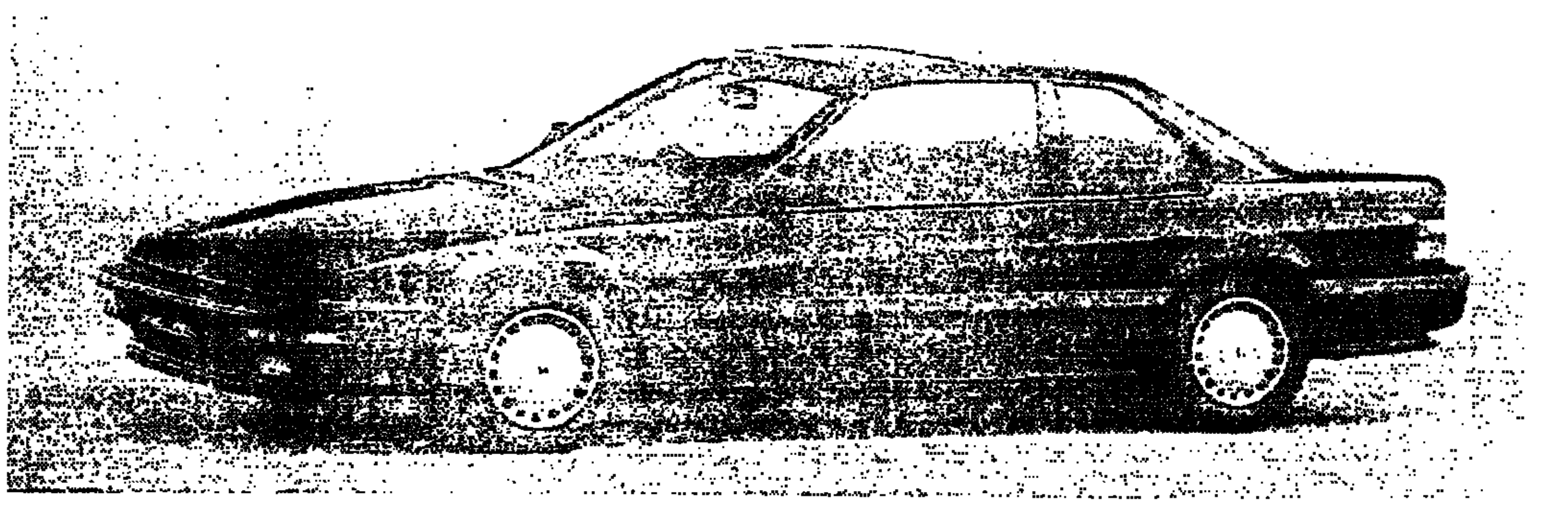
Isn't the Fiat Panda 4x4 in four wheel drive all the time?

No. It is normally front wheel driven. You select four wheel drive by putting the power through to the rear wheels only when you really need extra traction to keep going. The Panda 4x4 doesn't have a third differential because tyres slip easily on a low grip surface and the transmission won't be strained when the car turns.

You don't put it in four-wheel drive on hard roads because it is quite unnecessary. Two tyres provide all the grip you need in a low horsepower car like a Panda. Its 4WD is for exceptional conditions only.

Can I use selectable four-wheel drive on a snowy roads?

Of course. It will make the car much easier to control. But switch out of 4WD when you reach a cleared, dry road. If you forget, you will feel the steering tugging as the front and rear axles fight each other.



The Prelude 2.0i-16 coupe with four-wheel steering, automatic transmission and effortless parkability

One of the cleverest cars on wheels

EVEN THE other Japanese importers privately admit that Honda is still the one to beat. Its cars have the quiet distinction, the air of authority, that you also find in a Mercedes. One feels that if ever Mercedes decided to make a small, front-wheel driven car, it might be rather like a Honda Civic. And, again like Mercedes, Honda tends to attract mature buyers to whom their obvious quality appeals.

Honda's competitors are catching up quickly, though. The latest Nissans and Toyotas, Mazdas and Mitsubishis, not to mention the smaller fry – Daihatsu, Subaru and Suzuki – are shining examples of sound, often advanced, mechanical design, clean styling and careful assembly.

Last week, I dipped into the Honda collection. First I drove the latest Prelude 2.0i-16 coupe with four-wheel steering and automatic transmission then a 5-speed manual Concerto 1.4GL 5-door built in Britain for Honda by Rover.

The £16,100 Prelude with 4WS is one of the cleverest things on wheels. At low speeds, the rear wheels turn in the opposite direction from the front ones; at higher speeds they move very slightly in the same direction. The result is effortless parkability in confined spaces and unmatched nimbleness in city centres. On the open road, it handles with extreme neatness and security. We shall be seeing a lot of cars with 4WS but Honda, to its credit, was first to put one on sale.

The Concerto GL (£9,350) is pretty much the same car as a new Rover 200/400 except its engine is by Honda, not one of Rover's excellent 16-valve K series. Also, it has power-assisted steering as standard, not at extra cost, and any Concerto may be had with automatic transmission, which at present is confined to the Rover 200/400 GSi models.

Performance obsessed people might dismiss the Concerto GL as worthy and well made but extremely dull. On the other hand, buyers – especially those of mature years trading down from something bigger, dearer and thirstier – will find it refined, exceptionally easy to drive and just the right size. It is not so small as to make four people feel cramped and the boot is roomy, but it still slips easily into a parking space.

S.M.

Pirelli strips off its exclusive image

John Griffiths on a change of strategy for the famous pin-up calendar

MORE THAN any edition in its 27-year past, the 1991 Pirelli calendar has left its models with their modesty mostly intact, while draping them in the costumes of heroines through the centuries.

But, for the first time since the calendar's very early years – when it hung, largely unremarked, on tyre distributors' walls – the relative unattainability of the calendar is to be ended. From tomorrow, instead of being exclusively Pirelli's corporate gift to the favoured few, it will go on sale – in the UK only – as a limited edition to anyone prepared to stump up £49.95.

For Pirelli, it was clear from behind-the-scenes talk at this week's '91 calendar launch, that the move was controversial. Pirelli's UK marketing men have been keen to satisfy some of the frustrated demand for the calendar which, they say, is rife among UK businessmen. However, their colleagues at the Italian tyre and cables group's Milan headquarters have been uneasy. They feel that selling the product may reduce its cachet.

For Pirelli, and the calendar's 50,000 recipients around the world each year, the issue is of more than passing interest.

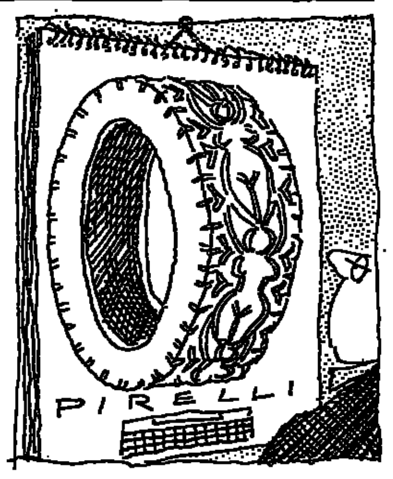
The Pirelli calendar has met with some success in climbing above the ranks of "girlie" item to claim status as an art form and social phenomenon. The question for Pirelli is whether the decision to sell it will demote that status in the eyes of the calendar's traditional recipients – whose goodwill, presumably, it most wishes to retain.

Peter Roberts, Pirelli's director of marketing in the UK, acknowledges that there is a risk, but says he thinks it is slight – and more than offset by the goodwill benefits he expects to accrue in the UK.

"There might be a slight sense of loss of exclusiveness. But there are also a lot of people in Britain for whom the calendar has been just a dream. It gives me a sense of pleasure that wives, for example, will now be able to order them as presents for their husbands."

Roberts argues that the UK is in a different position from Pirelli's other markets around the world. The calendar was conceived in the UK and, says Roberts, unlike most other countries its UK provenance is well established. Under those circumstances, he argues, the sale of a UK limited edition should not damage the calendar's image.

The limited edition calendars are being marketed through Pirelli Portfolio, the company's clothing and promotional goods subsidiary.



This year's sale will be closely evaluated before being repeated.

Those who have accumulated the calendars over the years have a more than aesthetic interest in the outcome: some early copies of the calendar have changed hands privately at up to £1,000. More recent collections, covering five-year periods, have passed through auction houses at between £2,000 and £3,000.

MOTORS

SPORT

Tennis

Why players can afford to be kind

***John Barrett** senses a new mood of co-operation among the big-time boys*

THIS WEEK, in Frankfurt, the leading men of professional tennis have been using their season-ending – the first ATP Tour Championships – to announce plans to raise millions of dollars in 1991 for selected charities.

Stefan Edberg, the World No.1, will be the chairman of the IBM/ATP Tour Charity Programme which will itself make direct donations of at least $250,000 (£127,000).

It is encouraging to see that some of today's sporting millionaires do have a social conscience. The excellent work being done by Yannick Noah's "Enfants de la Terre" among under-privileged children and the fund-raising activities engaged in by Edberg, his fellow Swede Mats Wilander, Boris Becker and many others is to be applauded.

According to figures published this week by the ATP Tour's chief executive, Mark Miles, the players can afford to be generous. Of the gross revenues for 1990 of $33.4m, payments to tournaments and players accounted for the largest slice – $12.3m. or 37 per cent, a figure that is similar to the proportions received by players in America's National Basketball Association and Professional Golfers Association. Player services consumed $9.7m (29 per cent), commissions were $7.4m (22 per cent) and overheads $4m (12 per cent)

Other figures show that the first year of this new player-led tour has been a qualified success. The "Best 14" ranking system has led to stronger fields at most tournaments.

In 1989, the last year of the old Grand Prix, the average cut-off to qualify for Super-Series (top points category) tournaments was the player ranked 143. This year at the equivalent Championship Series events it was 93.

At the lower World Series tournaments it had dropped from 147 last year to 112. These are the figures up to the end of October and they will become even more impressive when the strong fields in Sydney, Tokyo, Stockholm and Paris are included.

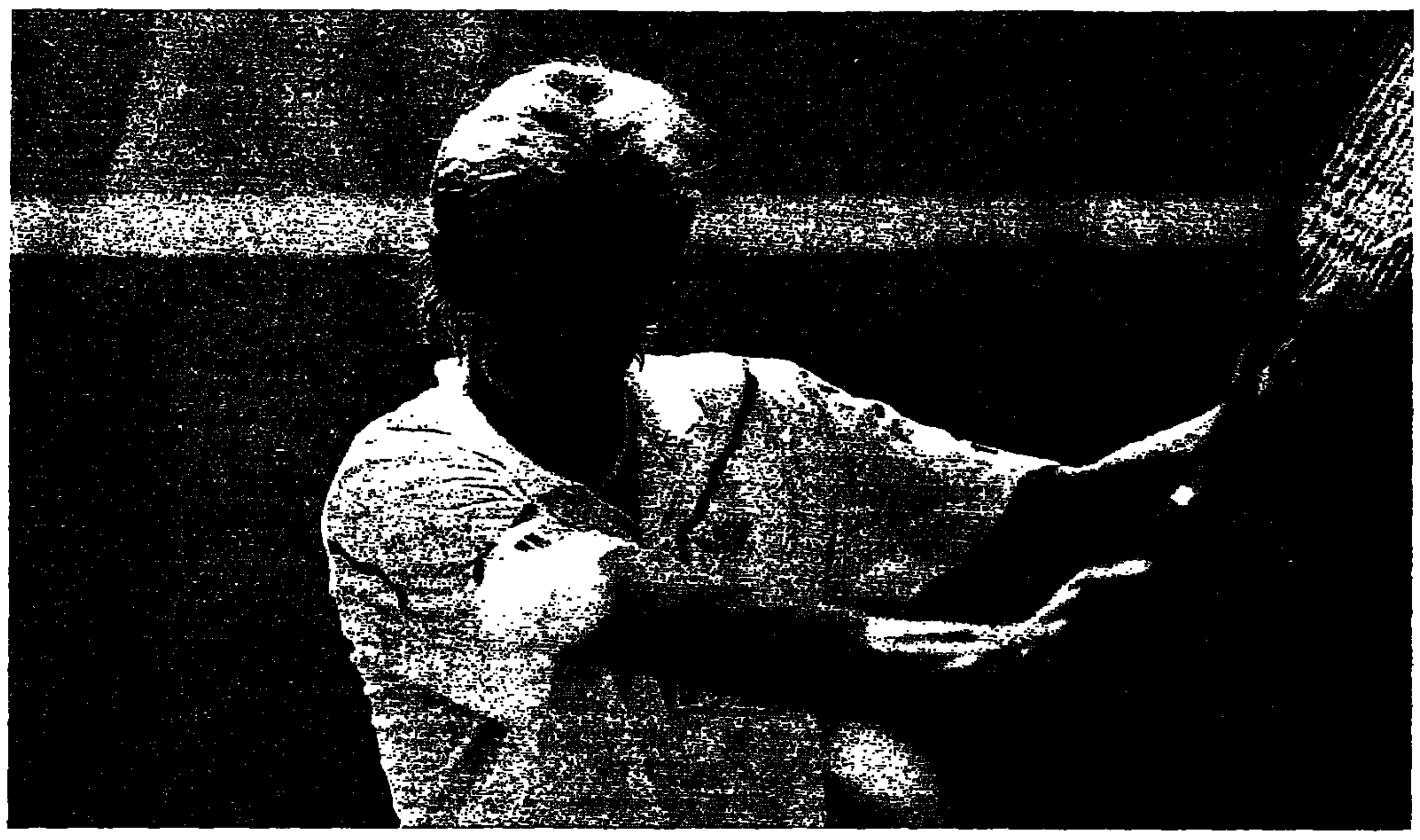
Despite appearances to the contrary, there have been fewer upsets among the top ten players. In 1989 there were 30.89 losses in the first or second rounds among this group, this year 22.73.

Yet increasingly it is apparent that the ATP Tour is benefiting the top players at the expense of those trying to break in. The revised ranking system helps those at the top to retain their positions and the reduction in the tournament commitment from 12 to 11 for the eight men who have reached this week's Championship means that they will have an extra week for lucrative exhibitions.

Is it not enough that those men with long service to the game, such as Ivan Lendl, are given a lower commitment – in his case eight tournaments for 1991?

Tennis will enter the electronic age with a vengeance next year when the ATP Tour's main sponsor, IBM, puts into operation a data collection system that will allow analysis of every professional's game in minute detail. Every point of every game, in the estimated 3,000 tennis matches that will take place in next year's IBM/ATP Tour, will be recorded on newly-designed umpire's sheets.

These sheets will then be scanned and processed by computer to produce information on every category of performance. It will be possible, for example, to know how many double faults, first serves in, percentage of points won when the first serve goes in, and so on, were made. Thus, from the start of 1991 we shall start to build records that, in time, will enable us to compare the effectiveness of all players in every department of their games.



Stefan Edberg: sporting millionaire with a social conscience

As Arthur Ashe, a former Wimbledon champion, said: "If only this had been around at Wimbledon in 1975 I wouldn't have had to ask my friends Charlie Passarell and Marty Riessen to watch Jimmy Connors' semi-final against Roscoe Tanner so I could work out a game plan. I would already have had all that information!"

Undoubtedly there will be a few cases of statistical indigestion but, used intelligently, this new information will add great depth to player analysis. Technically it is a triumph.

There is cause for celebration in the announcement that the ATP Tour and the Women's Tennis Association are co-operating in three important areas. They have at last established a joint scheduling committee. This should prevent a repeat of this week's ridiculous clash between the Frankfurt event and the women's Virginia Slims Championships taking place in New York.

The adoption of a common procedure over drug testing in collaboration with the International Tennis Federation is another move in the right direction. However, there is a danger that the whole thing may become merely a cosmetic exercise unless random year-round tests are approved so that players may suddenly be called during periods of rest.

As the world of athletics discovered, it is not enough to test during competitions. Anyone seriously intending to cheat would hardly be as careless as Ben Johnson.

Finally, the two players' organisations have agreed as far as possible to harmonise their respective Codes of Conduct. Thus, in 1991, the time allowed between the end of one point and the start of the next will be 25 seconds and the men's three-step point penalty system will now apply to the women.

With such a welcome mood of co-operation in the air, would it be uncharitable to suggest that the glee with which certain ATP Tour officials greeted the news of Andre Agassi's withdrawal from next month's Grand Slam Cup was unseemly?

Surely they should be encouraging all players to honour their obligations, as they must on their own tour?

The fact is, Agassi has signed a contract. He did so as a free agent. It was his decision. He could, like Becker, Wilander and McEnroe who were all qualified on points, have decided not to sign.

Poor Andre. This talented shot maker has once again been badly advised. He let the cat out of the bag when he said with a smirk that he will still be playing the three exhibitions in Europe the week between the Davis Cup final and the Grand Slam Cup... "because I feel committed to them ...not to play the exhibitions would be selfish...not to play the Grand Slam Cup is about what I am standing up for." Like breaking contracts, presumably.

If the Grand Slam committee impose the penalties in the contract that Agassi signed, the American could be fined $25,000 and refused entry to one or more of the four Grand Slam Championships in 1991 and banned from next year's Grand Slam Cup.

He is not entered for Australia so the first test would come in Paris. If Agassi is banned there, where this year he was the beaten finalist, it could provoke a player boycott of 1973 proportions, the year that 79 men withdrew from Wimbledon over the suspension of Nikki Pilic by his national Association for not competing in a Davis Cup tie. All that was part of the birth of ATP.

Oh yes, the tennis! Becker's injury seems to have healed, Edberg looks strained but is fighting well, Lendl is the freshest and has most to prove. And Agassi? In that extraordinary outfit, he looks as if he cannot decide whether to go for a bicycle ride, set off for the beach, or go to the fancy dress ball as Joseph. No technicolour dreamcoat this; more of a sartorial nightmare!

Football

The old familiar problem

"MILLWALL," said the mountainous steward calmly in a thick Liverpudlian accent as another fusilade of coins, cans, bottles and abuse flew past us up Cold Blow Lane, "is a quiet ground."

There was a lull. The next knot of visiting West Ham supporters contemplated making a dash for the gate. The Millwall supporters meanwhile entertained themselves by chanting "We are evil" and pulling faces at police officers.

It was five minutes before the scheduled kick-off in the London Derby match between West Ham and Millwall. The residents of the streets around the Millwall ground had just spent 45 minutes watching the kinds of scenes which are supposed to be a thing of the past in English soccer: gangs of rival fans indulging in a series of confrontations.

At 2.15pm Billington Rd, on the route from New Cross Gate Underground and British Rail stations to the ground, was packed with fans.

Suddenly there was a noise from one of the side streets ahead. Instantly, many fans started running towards the action. The street filled with a crowd of jostling young men all waving fists and shoving towards some unseen foe. Dustbin lids, milk bottles, lumps of wood flew through the air.

Police reinforcements arrived rapidly. When the West Ham end of the street was cleared the Millwall fans surged again through the police line, but stopped 20 yards away from their enemies. There was another volley of abuse and missiles before the police drove them back. Then a brief pause and then a sudden noise from the next street up. When that was calmed by the police, the two sets of fans tried again on a third street.

The police say there was fighting between rival sets of fans but this was confined, they say, to a hard core of 400-600 out of a total of more than 4,000 in the immediate area. The striking thing for anyone who was there was how many fans were drawn towards the action.

On the other hand only ten people have been charged and the police say there were no serious injuries.

Before last weekend English football was wearing a self-satisfied air. The World Cup had passed largely without incident as had the first tentative steps of English clubs back in European competition after a five-year ban and the first three months of the domestic season. The clubs had seen off the hated membership scheme.

But Saturday's fighting at Millwall was followed by incidents at Maine Rd where visiting Leeds United fans damaged more than 1,000 seats. The fact that Leeds fans, who were responsible for the last serious outbreak of violence in Bournemouth in May, cannot behave, and that so many Millwall and West Ham fans still want to fight, shows that English football's most serious problem still exists.

The reason it is not happening more often is because the police – who clubs grumble at paying for – are doing their best to prevent it.

Peter Berlin

Rugby

From oyster eaters to Barbarians

***John Kitching** on the future of the greatest guest club in the world*

FOR THE club with no pitch, no bar, and no subscriptions, this has been quite a year. The Barbarians who today meet Argentina at Cardiff, have been celebrating their centenary. They have been back to Bradford where, as every schoolboy knows, the club was founded over an oyster supper at Charles Leuchter's restaurant; they have beaten Wales and lost to England. But are their days numbered? Will the increasingly competitive world of League rugby, of professionalism, of win-at-all-costs, see off the greatest guest club in the world?

Not a bit of it, Geoffrey Windsor Lewis, the club secretary, told me. "Many leading players want very much to appear for the Barbarians. For example, Robert Jones (of Swansea and Wales) said he enjoyed the change. The chance to have a break from League and international rugby."

Windsor Lewis acknowledges new pressures on the Barbarian club. "Recruiting players will probably become more difficult. We are aware that there are more international matches than ever, plus the League programmes. But I think I can say that all international players still want to appear for the Barbarians."

It has always been an honour regarded by many as second only to an international cap and the club has a glorious history stretching back to its first game against Hartlepool Rovers in 1890. Its declaration at the outset was "to play the game without inhibition, to enjoy rugby in the more remote regions and to share the good company of rugbymen everywhere."

But rugby has changed rapidly in the last 10 years. It has become more intense, more businesslike, and to survive, the Barbarians have had to move gently into commercial waters. This year, for the first time, the club entered into a sponsorship deaL with Scottish Amicable, the insurance group.

"It is a very nice fit," says Windsor Lewis. "They put money into the clubs we play. They help with jerseys. They put up money for our lunches and for the centenary dinner. If we undertake and overseas trip, which we would like very much to do, they will help there. Initially, it is a three year sponsorship, of unspecified amount, and we are very happy about it."

The only material reward for playing for the Barbarians is – as it always has been – a tie and life membership of the club with no clubhouse. "But you do get invited to lots of enjoyable things," says the secretary.

Windsor-Lewis, Cambridge Blue and former Welsh international, is only the fifth secretary in the Barbarians' history: continuity is one of the more remarkable aspects of the club. He is extremely bullish about the future. "As long as we restrict our fixture list and continue to attract some leading overseas players – especially the Australians and New Zealanders – I feel very positive indeed about the next 10 to 15 years, which is as far as I feel I can look.

"We have had to make alterations over the years. We had to drop the Penarth fixture a few seasons ago, and I admit we have had some problems with the Easter games. I never have any problems, however, with the Leicester game at Christmas. All the top players want to play in that, and the crowd is always big.

"We want very much to undertake some trips abroad in the near future. They would, I think, be very unpopular and in keeping with the ethos of the club." He believes that, despite all the new pressures, there is still considerable cachet in playing for the Barbarians.

Ticket sales for today's match at Cardiff have not been perhaps as brisk as hoped. The poor Argentine performances against England and Scotland have had their bearing. On the other hand this Argentine side is one against which the Barbarians can display their commitment "to play the game without inhibition."

Today's Barbarian selection was handicapped by England's Courage League programme, but Nottingham, without a game, supply Simon Hodgkinson, Chris Gray and Gary Rees. Much attention will focus on All Black centre Craig Innes.

We could see a cricket score for the Barbarians today which would further reinforce their status as top rugby's last free spirit, a beacon in the increasingly grey world of leagues. The vision of the Bradford oyster eaters becomes more seductive each year.

TELEVISION & RADIO

SATURDAY

† indicates programme in black and white

BBC1

7:30 am Poddington Peas. 7:35 Babar. 8:00 am Breakfast Serials. 8:35 Bravestarr. 9:00 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Football; 1:00 Racing from Ascot; 1:05 News; 1:10 Swimming (TSB National Winter Championships from Coventry). 1:30 Racing from Ascot; 1:40 Rallying (Round 4 of the Mobil 1 Rally Challenge from the Isle of Man), 2:05 Racing from Ascot; 2:15 Rugby Union (Barbarians v Argentina, from Cardiff); 4:00 Swimming; 4:40 Final Score.

5:00 News. 5:10 Regional News and Sport. 5:15 Cartoon Triple Bill. 5:35 The Noel Edmonds Saturday Roadshow. 6:20 Every Second Counts. 6:55 Russ Abbott. 7:25 Challenge Anneka. 8:15 All Creatures Great and Small. 9:05 News and Sport. 9:25 Film: "Brewster's Millions" with Richard Pryor. 11:05 Match of the Day: The Road to Wembley. 12:05 am Film: "Theatre of Blood" with Vincent Price, Diana Rigg and Ian Hendry. 1:45-1:50 am Weather.

BBC2

8:00 am Open University. 10:55 Holiday Outings. 11:05 Pitfalls of a Sporting Life. 11:20 Balloon. †11:50 The Honeymooners. †12:15 pm Film: "The Sisters" with Bette Davis and Errol Flynn. 1:55 Discoveries Under Water. 2:45 Mahabharat. 3:20 Animation Now. 3:40 Film: "Home from the Hill" with Robert Mitchum and Eleanor Parker. 6:05 Late Again. 6:50 Newsview

7:25 The Ring of the Nibelung (with Radio 3): the ten-part screening of Wagner's operatic cycle in Nikolaus Lehnhoff's Bavarian State Opera production continues with Act 3 of "Siegfried". 9:05 Saturday Night Clive. 9:50 Moving Pictures. 10:40 Twin Peaks. †11:30-1:05 am Film: "Breathless" with Jean-Paul Belmondo and Jean Seberg (in French with English subtitles).

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV. Motormouth. 11:30 The ITV Chart Show. 12:30 pm Posh Frocks & New Trousers 1:00 ITN News followed by National Weather. 1:05 Local News and Weather. 1:10 Saint & Greavsie. 1:40 Sportsmasters. 2:10 Rags to Riches. 3:05 Film: "Your Place... or Mine?" with Bonnie Franklin and Robert Klein 4:45 Results Service. 5:00 ITN News, followed by National Weather.

5:05 London News and Weather. 5:15 Disney Cartoon Time. 5:25 The New Adventures of Black Beauty. 5:55 Catchphrase. 6:25 Blind Date. 7:25 Beadle's About. 7:55 Frederick Forsyth Presents ..."A Little Piece of Sunshine". 9:30 ITN News and Sport followed by National Weather. 10:05 Local Weather. 10:10 Film: "The Man Who Loved Women" with Burt Reynolds, Julie Andrews and Kim Basinger. 12:10 am Philip Marlowe: Private Eye.

CHANNEL 4

8:00 am Transworld Sport. 9:00 News Summary. 9:03 Channel 4 Racing: The Morning Line. 9:25 Sing and Swing. 9:30 Same Difference. 10:00 Check Out. †10:30 Film: "Andy Hardy's Private Secretary" with Mickey Rooney and Lewis Stone. 12:25 Animalia. 12:30 American Football Red 42. 11:00 Film: "Rhubarb" with Ray Milland and Jan Sterling. 2:30 The Robinsons.

3:00 Film: "Call Me Madam" with Ethel Merman, George Sanders, Vera-Ellen and Donald O'Connor. 5:10 Brookside Omnibus. 6:30 Right to Reply. 7:00 The World This Week. 8:00 Adventures: Mr Mike is on the Mountain. 9:00 L.A. Law. 10:00 Film on Four International presents "The Emigrants" (Part 3) (in German with English subtitles). 12:20 am The Week with Jonathan Ross 12:50 Snoops. 1:50 The Word.

S4C WALES

As Channel 4 except:
10:00 am Owl TV 10:30 Hard News. 11:00 Check Out. 11:30 Gardeners' Calendar. 12:00 Tonight with Jonathan Ross. 1:00 Film: "Alexander's Ragtime Band" with Tyrone Power, Alice Faye, Ethel Merman and Don Ameche. 6:30 Newyddion. 6:40 Teulu'r Mans. 7:10 Cyfle Byw. 8:10 Y Maes Chwarae. 9:10 Film: "Midnight Breaks" with Toyah Wilcox, Don Letters, Robbie Coltrane and Dawn Hope. 11:10 Movie Museum. 11:25 Snoops

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Here Come the Double Deckers. 2:10 The A-Team 3:05 Film: "Roar" with Noel Marshall and Tippi Hedren. 12:10 am Film: "The Beguiled" with Clint Eastwood.

BORDER

12:30 pm Supercross: The UK Open. 2:10 The Spectacular World of Guinness Records. 2:40 Rugby League Live: Wigan v Featherstone. 12:15 am Film: "Piranha" with Bradford Dillman and Heather Menzies.

CENTRAL

12:30 pm Just Champion. 2:10 Coronation Street (omnibus edition). 3:05 Film: "The Million Pound Note" with Gregory Peck, Jane Griffiths, Ronald Squire, Joyce Grenfell and A.E. Matthews. 12:10 am Cinemattractions.

CHANNEL

12:30 pm Art Attack. 12:50 Cartoontime. 1:05 Diary Dates. 2:10 Hard Time on Planet Earth. 3:05 Film: "Doctor at Sea" with Dirk Bogarde and Brigitte Bardot. 12:10 am Film: "Somebody's Stolen Our Russian Spy" with Tom Adams and Tim Barrett.

GRAMPIAN

12:25 pm Le Durachd. 12:40 Abair! 2:10 Coronation Street. 3:05 Film: "Carry On Again Doctor" with Sid James, Kenneth Williams, Charles Hawtrey, Barbara Windsor and Hattie Jacques. 4:45 Scotsport Results. 5:10 Criomagan. 12:10 am Film: "Piranha" with Bradford Dillman and Keenan Wynn.

GRANADA

12:30 pm Here Come the Double Deckers. 12:50 Max, the 2,000- Year-old Mouse. 2:10 The Spectacular World of Guinness Records. 2:40 Rugby League Live: Wigan v Featherstone. 12:10 am Film: "Piranha" with Bradford Dillman and Keenan Wynn.

HTV

12:30 pm The World of Golf. 2:10 Coronation Street. 3:05 Film: "Pray for the Wildcats" with Andy Griffith and William Shatner. 12:10 am Film: "Lady Sings the Blues" with Diana Ross, Billy Dee Williams and Richard Pryor.

SCOTTISH

12:30 pm NB. 2:10 Coronation Street (Omnibus edition). 3:05 Film: "The Million Pound Note" with Gregory Peck. 4:45 Scotsport Results. 12:10 pm Film: "Planet of the Apes" with Charlton Heston, Roddy McDowall.

TSW

12:30 pm The South West Week. 2:10 Coronation Street (Omnibus edition). 3:05 Film: "The Million Pound Note" with Gregory Peck. 5:05 TSW News and Sport. 5:10 Gus Honeybun's Magic Birthdays. 12:10 am Film: "Piranha" with Bradford Dillman.

TVS

12:30 pm Art Attack. 12:50 Cartoon Time. 2:10 Hard Time on Planet Earth. 3:05 Film: "Doctor at Sea" with Dirk Bogarde and Brigitte Bardot. 12:10 am Film: "Somebody's Stolen Our Russian Spy".

TYNE TEES

12:30 pm Posh Frocks and New Trousers. 2:10 The A-Team. 3:10 Film: "Paratroopers" with Alan Ladd, Susan Stephen and Harry Andrews. 5:10 Northern Life - Saturday Special. 12:15 am Film: "Piranha" with Bradford Dillman.

ULSTER

12:30 pm Cinemattractions. 2:10 The A-Team. 3:10 Film: "Died in the Wool" with George Baker. 12:10 am Film: "Piranha" with Bradford Dillman.

YORKSHIRE

12:30 pm The World of Golf. 2:10 Coronation Street. 3:05 Film: "Carry On Again Doctor" with Kenneth Williams, Sidney James, Charles Hawtrey, Jim Dale, Barbara Windsor and Joan Sims. 12:10 am ITN News Headlines, followed by Film: "I, Desire" with David Naughton, Marilyn Jones and Brad Dourif.

RADIO

(S) Stereo on FM

RADIO 2

8:05 am Ronnie Hilton with Sounds of the 50s. 9:00 Brian Matthew with Sounds of the 60s. 10:00 Anne Robinson. 12:05 pm Gerald Harper. 1:30 The News Huddlines. 2:00 Jeremy Nicholas. 3:00 Gerry Anderson. 4:45 Thomas Trotter at the Hill organ, Birmingham Town Hall. 6:00 Cinema 2. 6:30 Movie Quiz. 6:00 Country Greats in Concert. George Hamilton IV Introduces Mel Tillis. 7:00 Beat the Record. 7:30 Salute to the Battle of Britain. 8:30 Easy Does It with the BBC Big Band. 10:00 Radio 2 Arts Programme with Sheridan Morley. 12:05 am Cinema 2. 12:30 Pop Score. 1:00-4:00 Night Ride.

RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 Bournemouth Sinfonietta, with Colin Carr (Cello): Haydn (Symphony No 49), Webern (5 Movements Op 5), Schumann (Cello Concerto). 9:30 Saturday Review. 12:55 pm Words with James Naughtie. 1:00 News. 1:05 Choral Songs. Monteverdi Choir. 2:05 BBC Symphony Orchestra at 60. Mozart (Overture: The Marriage of Figaro conducted by Bruno Walter), Beethoven (Symphony No 7 conducted by Toscanini) (2:45 Nicholas Kenyon interviews David Cairns) 2:55 Beethoven (Piano Concerto No 3, with Stephen Bishop-Kovacevich, conductor Colin Davis) and Mozart (excerpts from 'Idomeneo', again conducted by Colin Davis). 4:00 Tuning Up. Clarinettist Michael Whight talks to Chris de Souza and plays Bax, Berg, Bernstein et al, with Vanessa Latarche (piano). 5:00 Jazz Record Requests. 5:45 Third opinion. 6:30 Ollschutz. Settings of Psalm 98, 'Singet dem Herrn ein neues Lied', by Schutz and two of his musical descendants Buxtehude and Hugo Distler. 6:30 Piano Rarities. Leslie Howard plays Niels Gade (Sonata in E minor) and Josef Suk (Suite Op 21).

7:15 The Ring of the Nibelung (with BBC2): The Bavarian State Opera production of Wagner's operatic cycle continues with Act 2 of 'Siegfried'. 9:05 Hagen String Quartet. Mozart (Quartet in D, K 155), Schnittke (Canon in memoriam Igor Stravinsky), Bartok (Quartet No 1). 10:00 Issues. 10:25 Il Campanello Di Notte (Donizetti's one-act comic opera). 11:25 Fusion. (Recital by the trio of guitarists from Costa Rica, Iran and Peru). 12:00 News.

RADIO 4

7:00 am Today. 8:00 News. 9:05 Sport on 4. 9:30 Breakaway. 10:00 News; Loose Ends (s). 11:00 News; The Week in Westminster with Philip Stephens. 11:30 Europhile. 12:00 Money Box. 12:25 pm I'm Sorry, I Haven't a Clue. 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Any Answers? 2:30 Saturday Playhouse (s). 4:00 News; Grand Tour. 4:30 Science Now. 5:00 Largely Walters. 5:25 Week Ending. 5:50 Shipping Forecast.

5:55 Weather. 6:00 News; Sports Round-up. 6:25 Citizens. Omnibus Edition (s). 7:10 Stop the Week with Robert Robinson (s). 7:45 Classic Serial: The Forsyte Chronicles (s). 8:45 Conversation Piece: Sue MacGregor talks to actor John Kani. 9:10 Music in Mind (s). 9:50 Ten to Ten led by Rev Graham James (s). 9:59 Weather. 10:00 News. 10:15 Open Mind: Discussion chaired by Edward Mortimer. 10:45 Uncle Mort's South Country II (s). 11:00 Richard Baker Compares Notes with with Lady Susana Walton about her husband, the late Sir William Walton. 11:30 The Shiver Show. 12:00-12:30 am News.

RADIO 5

6:30 am Morning Edition. 9:02 On Your Marks. 12:00 Sport on 4 Plus 1. 12:30 pm Sports Call. 1:30 Sport on 5. Football; Rugby Union: (Barbarians v Argentina); Racing from Ascot and Cricket (An Australian XI v England, from Hobart). 5:00 Sports Report. 6:00 As Radio 4. 10:00 Sport. 10:15 As Radio 4. 11:00 Sport. 11:10 World Service. 12:00-12:10 am Sport.

SUNDAY

† indicates programme in black and white

BBC1

8:45 am Through the Garden Gate 9:15 Inigo. 9:30 This is the Day. 10:00 A Vous la France! 10:25 Espana Viva. 10:50 You and 92. 11:25 A Way with Numbers. 11:50 Help Your Child with Reading. 12:05 pm See Hear! 12:30 Country File. 1:00 News; On the Record. Jonathan Dimbleby assesses the West's current stance against Iraq and asks whether war is inevitable. 2:00 EastEnders.

3:00 Film: "The Thirty-Nine Steps" starring Robert Powell with David Warner, Eric Porter, Karen Dotrice and Sir John Mills. 4:40 Sum Chance. 4:50 The Clothes Show 5:15 Schofield's Europe. 5:45 The Chronicles of Narnia. 6:15 Lifeline. 6:25 News. 6:40 Songs of Praise for Remembrance. 7:15 You Rang M'Lord?

8:05 Howards' Way. 9:00 House of Cards. 10:00 News. 10:15 Heart of the Matter. 10:50 The Days and Nights of Molly Dodd 11:15 Clean Slate. 11:45 The Sky at Night. 12:05 am Mahabharat. 12:45-12:50 Weather.

BBC2

7:30 am Children's BBC Two starts with King Rollo 7:35 Playdays. 7:55 Is That a Fact? 8:10 Pinocchio. 8:30 Movable Feasts. 8:45 Lit'l Bits 9:10 Corners. 9:30 Dungeons and Dragons. 9:55 Blue Peter Omnibus. 10:40 Maid Marian and Her Merry Men 11:10 Boxpops. 11:50 The O-Zone. 12:00 Regional Previews of the Parliamentary week. 12:30 pm Scrutiny. 1:00 Arabia: Sand, Sea and Sky

11:50 Film: "Intermezzo" starring Ingrid Bergman 3:00 The BBC Symphony at 60. 4:00 Moving Home 5:00 Rugby Special. 6:00 Juke Box Jury. 6:25 The Money Programme: Steve Annett reports on British Rail's struggle to maintain standards whilst seeing its government subsidy reduced 7:15 The Trials of Life. 10:05 Not Only...But Also. 8:35 Nippon. 9:35 Kennedy and Co. 10:15 Film: "Cross Creek" (Mary Steenburgen stars). 12:10 am Dance Energy. 12:50-1:25 Rapido.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Children's ITV: The Disney Club. 10:45 Link. 11:00 Morning Worship. 12:00 The Human Factor. 12:30 pm LWT News Weekend. 1:00 ITN News followed by National Weather 1:10 Walden. 2:00 Charlie's Angels. 2:55 The Match: Everton v Tottenham Hotspur. 5:05 Sunday Sunday.

6:00 The River Thames. 6:30 ITN News, followed by National Weather. 6:35 Local News and Weather. 6:40 With Great Courage. 7:15 Close to Home.

7:45 The Ruth Rendell Mysteries. 8:45 ITN News followed by National Weather. 9:00 Local Weather. 9:05 London's Burning. 10:05 Spitting Image. 10:35 World Championship Boxing: Nigel Benn v Chris Eubank. 11:35 Comics, the Ninth Art. 12:10 am The ITV Chart Show

CHANNEL 4

6:00 am Transworld Sport. 7:00 Pet World. 7:30 Once Upon a Time...Life. 8:00 Dennis. 8:30 Bobobobs. 9:00 Early Bird. 9:25 Orientations. 10:00 A Week in Politics - Second Reading. 10:45 Dennis 11:00 Owl TV. 11:30 Grim Tales. 11:45 The Astrology Show. 12:00 The Waltons. 11:00 pm Voyage to the Bottom of the Sea. 12:00 Film: "Private's Progress" starring Ian Carmichael, with Richard Attenborough, Dennis Price and Terry-Thomas. 13:50 "Pay Day" (Charlie Chaplin film). 14:15 Nat King Cole Show.

4:45 Answering Back. 5:30 News Summary and Weather followed by Road to Avonlea. 6:30 The Cosby Show. 7:00 Equinox: Superpowers? 8:00 American Football. 9:30 Without Walls: Tunnel Visions Part 2. 10:15 Hollywood Mavericks. "Songwriter" starring Willie Nelson and Kris Kristofferson 12:00 "Take It Like a Man, Ma'am" (in Danish with English subtitles)

S4C WALES

As Channel 4 except:
10:45 am Land of the Giants 12:55 pm Now You're Talking 1:20 O Bedwar Ban 1:30 Bwrw Mlaen 2:00 Equinox. 3:00 Adventures. †4:00 Feature Film: "Steamboat Bill" (Buster Keaton). 5:20 Woody Woodpecker. 6:30 Grim Tales. 6:45 San Steffan. 7:05 Newyddion 7:10 Gwynfryn. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Anasl. 9:50 American Football. 11:20 The Write Off.

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Farming Diary 2:00 Members Only. 2:25 The World of Golf. 5:05 Highway to Heaven 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

CENTRAL

12:30 pm Gardening Time. 2:00 The Life and Times of Grizzly Adams. 5:05 Bullseye. 5:35 The A-team. 11:35 Prisoner: Cell Block H.

CHANNEL

12:30 pm Reflections. 12:35 Les Francais Chez-Vous. 12:50 Tele-Jornal. 2:00 Katts and Dog 2:25 Hillary's Adventures. 5:05 The A-team. 6:00 Bullseye. 11:35 The Human Factor. 12:05 am The New Avengers.

GRANADA

12:30 pm Granada This Week. 2:00 Richmond Hill. 5:05 Bullseye. 5:35 Coronation Street. 11:35 Prisoner: Cell Block H.

HTV

12:30 pm The Spectacular World of Guinness Records. 2:00 West Country Farming followed by Weather for Farmers. 2:30 HTV Newsweek 5:05 Highway to Heaven. 6:00 Bullseye. 11:35 Prisoner: Cell Block H.

HTV Wales as HTV except:
12:30-12:55 pm Hurray for Today U.S.A. 2:30-2:55 Wales on Sunday.

SCOTTISH

10:45 am Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sunday Service. 12:30 pm The Gods of War. 12:55 Scotland Today. 2:00 Scottish Supplement. 2:30 The Spectacular World of Guinness Records. 2:55 American Film Classics: "Breakfast at Tiffany's" starring Audrey Hepburn. 5:00 Scotsport. 6:00 NB Special. 11:35 Off the Page. 12:05 am Taxi.

TSW

12:30 pm Farming News. 2:00 Fisheries News. 2:15 Here Come the Double Deckers. 2:40 Jim Henson Presents Mother Goose Stories followed by Gus Honeybun's Magic Birthdays. 5:05 The A-team. 6:00 Bullseye. 11:35 Murphy's Law.

TVS

12:30 pm TVS News. 12:33 Agenda. 12:58 TVS Weather and Farming Weather. 2:00 Katts and Dog. 2:25 Hillary's Adventures. 5:05 The A-team. 6:00 Bullseye. 11:35 The Human Factor. 12:05 am The New Avengers.

TYNE TEES

12:25 pm Country Matters. 2:00 Wanted Dead or Alive. 2:25 The Back Page. 5:05 All Clued Up. 5:35 Coronation Street (Omnibus edition). 11:35 The Silk Road.

YORKSHIRE

12:25 pm Goals on Sunday. 2:00 The Life and Times of Grizzly Adams. 5:05 Highway to Heaven. 6:00 Bullseye. 11:35 Scrumdown.

RADIO

(S) Stereo on FM

RADIO 2

7:30 am Don Maclean says 'Good Morning Sunday'. 9:05 Richard Baker with 'Melodies for You'. 11:00 Desmond Carrington with 'Radio 2 All-Time Greats'. 2:00 pm Benny Green. 3:00 Alan Dell with Sounds Easy. 4:00 The Radio Orchestra Salutes. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 John Lawrenson with a musical showcase of favourite melodies. 8:00 The Wallace Collection. 8:30 Sunday Half-Hour. 9:00 Alan Keith with 'Your Hundred Best Tunes'. 10:05 Radio 2 Arts Programme. 12:05 am Jeremy Nicholas. 1:05-4:00 Night Ride.

RADIO 3

7:00 am Morning Concert. 8:30 News. 8:35 La Grotte de Versailles by Lully. 9:15 Busch String Quartet: Mozart (Quartet in E flat, K 428), Schubert (Quartet, 'Death and the Maiden'). 10:15 Music Weekly. 11:00 Decade by Decade (15th-century music). 12:45 pm Table Talk. Samantha Bond reads 'The Bishop's Lunch', a short story by Michele Roberts.

1:00 News. 1:05 Your Concert Choice. 2:30 Chamber Music from Birmingham. Jean-Philippe Collard (piano): Debussy (Estampes; L'isle joyeuse) 3:15 Interval Reading 3:20 Ravel (Pavane pour une infante defunte; Gaspard de la nuit). 4:00 Poet of the Month: Michael Ondaatje. 4:10 BBC Scottish Symphony Orchestra conducted by Jerzy Maksymiuk, with Julie Price (bassoon): Mozart (Bassoon Concerto), Haydn (Symphony No 103). 5:00 Listening to...The Medieval Motet (talk by Michael Hall). 6:00 Rachmaninov. Vespers Op 37, sung by the Croydon Singers conducted by Matthew Best. 7:30 Sunday Play: 'The Hairy Ape' by Eugene O'Neill. 9:00 LSO at the Barbican conducted by Rafael Fruhbeck de Burgos, with Susan Hamilton (girl soprano), Manuel Cid (tenor), Enrique Baquerizo (baritone) and Barry Douglas (piano): Falla (Master Peter's Puppet Show) (9:35 Interval Reading) 9:40 Tchaikovsky (Piano Concerto No 1), Respighi (Pines of Rome). 10:50 Opus 130: The second of four lectures by Hans Keller on Beethoven's B-flat String Quartet Op 130 (originally broadcast in 1975). 12:00-12:05 am News.

RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 Appeal by Claire Rayner on behalf of Manic Depressive Fellowship. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s).

12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Sunday Playhouse (s). 3:30 The Radio Programme (s). 4:00 News; Analysis.

4:57 Time for Verse. 5:00 News; Down Your Way. 5:40 The Finer Things. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Feedback: Chris Dunkley airs listeners' complaints about BBC programmes and policy. 6:30 Europhile. 7:00 Root of the Matter. 7:30 Bookshelf. 8:00 Punters. 8:30 Reading Aloud. 9:00 Treasure Islands. 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Arthur - The King (s). 11:00 In Committee. 11:30 Seeds of Faith (s). 12:00-12:30 am News.

RADIO 5

7:30 am Sunday Edition. 8:02 This Family Business. 10:30 Education Matters. 11:30 Soundwaves. 11:30 Talking Poetry on the theme of the environment, with Ursula Fanthorpe. 12:00 Sport. 12:15 pm Desert Island Discs (as Radio 4). 1:00 Sport. 1:05 A Vous La France! 1:30 Espana Viva. 2:00 Sport. 2:05 As Radio 2. 3:00 Sunday Sport Extra. Coverage of Everton v Spurs from Goodison Park, plus cricket, rugby league and snooker. 5:00 Sport. 5:02 As Radio 4. 6:00 Sport. 6:10 Open University. 6:50 As Radio 4. 7:00 As Radio 1. 8:00 Nightbeat. 9:30 Across the Line. 10:40 Big Fight on 5. Nigel Benn (GB) defends his WBO World Middleweight title against Chris Eubank (GB). 11:45 World Service. 12:00-12:05 am Sport.

هكذا من الاصل